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Capital and welfare: business influence on social policy 1979-1996

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I dedicate this thesis to the memory of my Grandparents Roy and Iris Brooks who, like many others of their class and generation, knew great hardship in their lives and died too young, but while they were here gave so much love and encouragement to me.

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ABSTRACT

Explanations documenting the development of the UK welfare state have been wide ranging in every way bar one: few commentators have detailed the role that business has played in social policy development. What is missing from the literature is an account of how, and to what extent, business is able to influence social policy. This thesis attempts to explore some of these important questions. It begins by outlining and exploring mechanisms of business power and influence over social policy, though the focus remains primarily the ***scope*** for business influence on the policy process, welfare institutions and overall levels of social provision.

In order to examine business influence, a distinction between agency and structure is made. Both, it will be argued, are important to an understanding of influence, but both are variable over time and between policy areas. The thesis examines their variability. It assesses changing structural power (which provides the context within which business acts) and concludes, that it has increased. It focuses on the changing opportunities for business to exercise agency influence over social policy making and provision at the national, local, and individual firm level. At the national level, agency power initially declined in the 1980s with the breakdown in corporatist intermediation (though its has recovered since). At the local and firm level, the opportunities to influence have increased significantly since 1979 with the incorporation of business in various social welfare services and local partnerships, and with the greater role that firms have in managing and funding various mandated benefits.

For its part, however, business has not demonstrated an eagerness for greater involvement in social policy. Much of the running has been made by the state and not business itself. Business' main interest association, the CBI, has an interest in some areas of social policy, though its general approach is by no means clear and coherent. Business involvement in local services, whilst being a key part of government policy since 1979, has also been uneven and at times less than enthusiastic. More generally, despite government encouragement and even insistence in some cases, business has been reluctant to take on increased responsibilities for social policy.

Whilst the scope for business influence over social policy has increased over the past 20 years, therefore, this owes more to structural influence and the policies of the state than to business agents themselves.

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LIST OF ABBREVIATIONS

BCCI	Bristol Chambers of Commerce and Initiative
BCHA	Bristol Churches Housing Authority
BITC	Business in the Community
CBI	Confederation of British Industry
EBP	Employment Business Partnership
EETC	Education, Employment and Training Committee
FAS	Funding Agency for Schools
FEFC	Further Education Funding Council
HEFC	Higher Education Funding Council
TBI	The Bristol Initiative
TEC	Training and Enterprise Council
TVEI	Training and Vocational Education Initiative
UBHT	United Bristol Health Trust
WEATP	Western Education and Training Partnership
WESTEC	The Western Training and Enterprise Council
WOLN	West Open Learning Network

1. INTRODUCTION

This thesis examines the scope that business has to influence social policy. Its objective is not to offer a definitive measure of influence, but to explore a range of important though neglected issues in social policy that surround the relationship between business and policy making and social provision. It outlines and explores mechanisms of business power and influence over social policy, and offers limited commentary on influence, though the focus remains primarily business' ***scope*** (its potential or opportunity) to exert influence on the policy process, welfare institutions and overall levels of social provision. Social policy is defined here in terms of a broad welfare mix, incorporating state, occupational welfare and third sector provision. The focus of the study is on both policy making and social provision, and the study includes all the main areas of welfare: education and training, housing, health care and social security. The time period on which it focuses is 1979 to 1996 – spanning almost the complete period of office of the Conservative Government. This period has witnessed a great many changes in approaches to welfare services, a clouding of the boundaries between public and private, changing business-government relations (not to mention business-labour relations), fluctuating economic fortunes and economic restructuring. Business, it will be argued, is essential to an understanding of these changes, many of which were introduced either in response to business pressure or in response to the perceived needs of business. The advantage of focusing on specific groups during periods of cataclysmic change, such that we witnessed during the past 20 years, is that they tend to highlight and expose divergent approaches towards policy, encourage the development of clearer policy statements and strategies and expose sympathies and activities in the policy process.

1.1 THEORETICAL CONTEXT

Few UK commentators have detailed the role that business plays in the policy making process. Fewer still have looked at their influence on social policy development. Explanations documenting the development of social policies have been wide ranging in every other way. They have included: the moral conscience of the middle classes and of government (Fraser, 1984: 134-137); the breakdown of informal command structures and the requirement to replace these with new forms of social infrastructure (Flora & Alber, 1981); the reliance of competitive markets on a healthy, well-educated workforce (Peden, 1985: 11-13); the extension of citizenship rights and the empowerment of individuals (Marshall, 1950); the dynamic of state bureaucracies

(Niskanen, 1971), and the political mobilisation - as well as the fear of the political mobilisation - of labour (Castles, 1985; Korpi, 1983; Navarro, 1989).

Those theorists which have discussed the role of business in welfare development have tended to draw upon taken-for-granted assumptions about the position of capital in relation to social policy. Waged labour has been portrayed largely as pro-welfare, capital as anti-welfare (see for example, Navarro, 1989: 388-393). Social policies are said to develop out of these conflicting interests, reflecting the winners or losers on either side of the class divide. The interests of capital as a whole have been grouped together in a united mass, the many fractional interests neglected. The situation was summarised by Hay in 1977 (pp. 435-439).

> In Britain . . . the attitudes of the business community to social welfare legislation have not been seriously examined. . . . . There has . . been no systematic study of the attitude of employers to welfare legislation, or of their influence on the evolution of social policy. The reason for this neglect may be the underlying assumption of most liberal historians that welfare legislation primarily benefits the working class and is thus largely to be explained by the pressure of the latter for legislation or by concessions by the political elite to such actual or potential pressure.

Neither has the situation improved greatly since the 1970s. Writing in 1991, Rodgers (1991:315) echoed Hay's earlier remarks.

> though employers were visible, and even conspicuous in the debates over the economy, unemployment and the treatment of the unemployed (during the inter-war years), few historians have devoted serious attention to their activities and proposals.

Whilst there has been some work recently on employer attitudes to welfare (George et al 1995; Taylor-Gooby, 1996; George, 1996), a general neglect of business influence on social policy continues today.

Pointing out the gaps within a discipline is easier, of course, than filling them, particularly where issues as complex as power and influence are concerned. Certainly, a study of this size cannot hope to fill all these gaps. Despite space and time constraints, I have attempted to produce a thesis with adequate breadth – focusing on a number of social policies and at different levels and allowing a consideration of the most important issues involved – though this did, inevitably, limit its depth of focus. The thesis covers some areas of crucial importance, with elements of it focusing variously on the national and local picture as well as the activities and provision of firms themselves.

1.2 BUSINESS AND ITS INFLUENCE

A question that requires clarification from the outset is what do we mean by business and the related term capital? Business and capital are often employed by theorists from different traditions to describe similar things. Here a distinction is drawn as follows. Capital is an abstract term, derived from economics literature and primarily describes the pursuit of profit. Business describes capital's institutions. These institutions, of course, take different forms. The term 'business' may describe groups of business people, individual enterprises, and business interest associations (the thesis, at various points, focuses on all these, and tries to distinguish between them where it is important to do so). To avoid confusion, the thesis will tend to rely on 'business' as the preferred terminology, though certain sections, particularly those that present Marxist theories, do utilise the concept of 'capital'.

Firms and associations vary in size and may be local, national or international. These distinctions are likely to be important in defining business views on social policy, and their likely scope for subsequent influence. Hence, to paint a complete picture of business influence on social policy would necessitate the inclusion of all these. To do so in any great depth, however, would require a study that was much longer than a PhD thesis. Having said that, the various parts of the study do, where possible, discuss variations between different elements of business.

1.3 OPERATIONALISATION OF THE RESEARCH QUESTION: BUSINESS INPUTS IN SOCIAL POLICY

Business is able to influence social policy through two mechanisms: structure and agency, and both forms are highlighted and discussed throughout the thesis. Structural power (the power to influence without taking direct action) is derived from the ownership and control of capital - the position that business is in. Structural power manifests itself, as Chapter 2 illustrates, in a number of ways: control over investment, control over labour and through state revenue dependence, all of which impact on employment, state spending and the employment conditions of labour. This confers onto business great potential power and influence. Agency power is exercised through the actions of individual business people, firms, or business associations (which themselves organise at different levels). Business is able to influence social policy through agency in four main ways. First through *lobbying.* Second, through *institutional participation.* This includes involvement in government and in government committees as well as direct representation on the boards of various social welfare boards. Third, through *sponsorship* and *funding* (of political and welfare institutions).

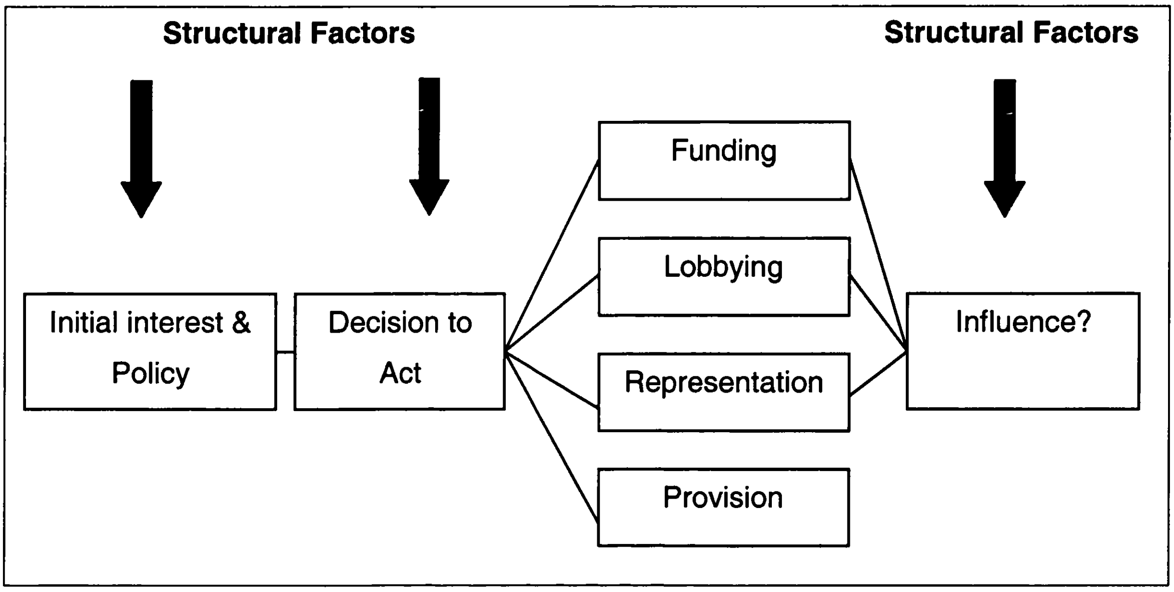
Fourth, through occupational provision (where enterprises are able to determine the overall shape and extent of welfare receipts of labour). The thesis seeks to investigate, to differing degrees, each of these forms of influence.

The starting point for this thesis is an investigation of business influence on social policy, though it is made clear from an early stage that the measurement of influence is extremely problematic. One way of attempting to gauge influence is to carry out a relatively narrow case study of a specific policy event - identifying actor inputs and comparing these with eventual policy outcomes (the power and influence of each actor being measured according to the distance between input and outcome); or alternatively, interviewing policy makers and trying to locate in these interviews key influentials within the policy process. What would be missing from such analysis, however, is sufficient scrutiny of the wider interests, concerns and motivations of the group which go beyond the specific policy event, not to mention the structural context within which groups act. As Paul Pierson (1996b:126) points out:

> Attempts to cut into ongoing social processes at a single point in time produce a 'snapshot' view that is distorted in many respects.

Another alternative would be to carry out interviews with key business people and policy makers or scrutinise memoirs to ascertain to what extent business has been influential in specific areas of social policy making. Again though this approach would limit the enquiry somewhat, certainly limiting the focus of the thesis, with the danger again that a distorted view of influence would emerge. The point is that influence is about more than specific action in one particular policy area. Other problems centre around the problem of over-reliance on the memory of policy events by business people or politicians. The fact is that influence is an extremely complex matter – it cannot be fully appreciated unless we first consider the preliminary questions relating to business activity, interest and motives. We have to consider the changing context within which policy makers, labour and business acts. We have to consider the possible routes through which business is able to influence the policy agenda and policy implementation. We have to consider to what extent business is interested in social policy and why and how it acts before we can consider questions relating to its actual influence. This thesis begins this process by considering these more basic questions. The focus here is shifted away from the measurement of influence to a more general assessment of the ***scope*** for business influence. The focus is shifted **away from outcomes, and towards policy inputs**. Leaving to one side structure for the moment, we could argue that if business is to influence social policy making or provision through agency a number of stages have to be gone through, and it is as important to focus as much on these stages as policy outcomes themselves. These stages are outlined in simple model form in Figure 1 (the model is taken from Chapter 4).

Figure 1: A simple model of business influence on social policy



In order to influence through agency, business first needs to be sufficiently interested in a given policy area (though the reasons for the creation of interest need not concern us for the time being). Second, this interest has to be translated into a clear policy or strategy. Third, a decision has to be taken by agents on the strategy and form of action. Influence may then follow if policy makers are sufficiently pressurised or persuaded by business actors. This process, of course, can break down at each step. Business interest or action in social policy, for example, cannot be assumed. Moreover, if business feels that, even without acting, the direction of policy will be favourable or tolerable to its interests, it is less likely to act. This is where the structural context is particularly important since, if the structural mechanism is operating well, business will feel less inclined to exercise agency power. Governments will, if structural power is particularly strong, tend to serve the interests of business. Hence, structural power is important in shaping the policy context within which agents act. These forms of influence can best be described as **inputs rather than outcomes** and it is inputs rather than outputs that this thesis primarily deals with. Examining the scope of business influence involves focusing on these inputs.

As well as helping us to understand the relationship between business and policy making, this model also helps us to understand business involvement in direct occupational provision and in state welfare institutions. In both cases, initial interest in provision is important, as are subsequent decisions to act. In the case of business representation on social welfare boards, however, the policy development stage may be missing, depending on the relationship between the member and their company (whether they sit as representatives of a specific business or not). Many of these issues will be developed further as the thesis progresses.

As far as the methods themselves are concerned, the main research tool relied on was documentary analysis. The decision to rely on documentary analysis was taken on methodological and practical considerations. A large scale interview programme would undoubtedly have gleaned a great deal of valuable information, allowing the questioning of key business people and policy makers, though this was ruled out in favour of documentary analysis for two main reasons. To begin with, access to key people would undoubtedly have been a problem which, whilst not prohibiting such methods, would have restricted the scope of the study. Secondly, conducting a restricted number of interviews with business people and policy makers would not necessarily have revealed a more complete picture of intentions or influence than would documentary analysis. As already outlined, the objective was to carry out a broad study of business inputs into social policy which could really only be uncovered by scrutinising a range of documents emanating from a range of business and social policy institutions. In this respect, it was important to locate a method which facilitated the analysis of a high volume of material. The broad range of documents used (which included Annual Reports, published and unpublished policy statements, membership lists and committee minutes) provided more information than could feasibly have been gleaned from a selective interview programme. The documents used provided indications of organisational policy responses and revealed a sense of priorities and interests. Their purpose is often to communicate priorities, policy direction and lobbying activities to members.

1.4 THEORETICAL FRAMEWORK

By focusing on business interests this thesis is positioning itself with, and building upon, those theories that suggest that, as a political and economic force, business is *a special case*: it having the ability to initiate, steer and constrain government policies in ways not open to other groups. Such a position came to dominate much socio-political analysis in the 1970s, but has tended to decline in importance in recent years. The *privileged interest* thesis, particularly its structural elements, has tended to suffer from the charge that it is too rigid and overly deterministic to be useful as a theory of power and influence in contemporary society. The point of departure for this thesis is that it stresses the variability of these forms of power. Whilst it may be a privileged interest, business is not in a position to dictate or determine policy outcomes. Its power and influence are neither constant nor unassailable.

In arriving at this position, the thesis draws upon the work of historical institutionalists. Historical institutionalism covers, as Paul Pierson (1996b: 126) points out, 'a diverse range of scholarship, much of it with little theoretical focus'. A familiar problem with historical institutionalism is the ambiguity surrounding the definition of institutions (Pontussen, 1995). For this thesis it is appropriate to settle on a relatively broad definition and North's is particularly useful. He defines institutions as 'the rules of the game in a society or . . . . the humanly devised constraints that shape human interaction' (North, 1990: 3). Thelan and Steinmo (1992:2) are also helpful on this question of definition.

> In general, historical institutionalists work with a definition of institutions that includes both formal organizations and informal rules and procedures that structure conduct. . . . Thus, clearly included in the definition are such features of the institutional context as the rules of electoral competition, the structure of party systems, the relations among various branches of government, and the structure of party systems, the relations among various branches of government, and the structure and organisation of economic actors like trade unions [and business interest associations] (p2).

Of particular interest here are policy and decision making institutions, welfare institutions, and business institutions (BIAs and enterprises).

The emphasis on history, as Pierson (1996: 126) points out, is important since institutions and processes develop over time and carry with them links to the past. The influence and activities of agents cannot be understood properly, therefore, unless we try to understand their motivations, perceptions and operation within the institutional context. As Thelan and Steinmo (1992: 2) put it, 'political struggles 'are mediated by the institutional setting in which they take place'. They go on to state that:

> Institutional factors play two fundamental roles in this model. On the one hand, the organisation of policy making affects the degree of power that any one set of actors has over the policy outcomes . . . . On the other hand, organisational position also influences an actor's definition of his own interests, by establishing his institutional responsibilities and relationship to other actors. In this way, organisational factors affect both the degree of pressure an actor can bring to bear on policy and the likely direction of that pressure. (1992: 5)

Hence institutions help shape the interests of agents and help agents make sense of, and become aware of, their available options in policy areas (Thelan and Steinmo, 1992:2). This aids our understanding of the position of business in two main ways. First, business influence will be shaped, to some extent, by state actors and openings to state institutions. Second, how business defines its own interests in relation to social policy, indeed, whether it is interested in social policy at all, will depend on a range of institutional factors – the actions of non-business actors, the size and status of the business in question. It follows, then, that the subsequent actions of individual business people may be guided by different influences than those of the firm or of business associations.

We need to go further than this if we are to devise a suitable model of potential business influence on social policy. As the model above makes clear, we also have to consider wider structural factors. Structures, for historical institutionalists, 'define the parameters of policy-making at the broadest level' (Thelen and Steinmo, 1992: 10). Unlike institutions, which are often highly changeable, structures are deeply embedded in societies. They consist of taken-for-granted relations which define the workings of a given society. They constrain the choices or activities of agents. If institutions are the rules of the game, structures help to tighten the rules of the game and constrain the players. Given this, it is necessary, according to Thelen and Steinmo (1992: 11) to 'explore the effects of overarching structures on political outcomes' but at the same time avoid 'the structural determinism that often characterises broader and more abstract' theoretical approaches.

The framework that emerges from the above discussion helps us to situate business influence and activity. Structural factors may translate into influence, and certainly help to determine the context within which business acts. They are not, however, inevitably determining. States themselves may respond to structural pressures in different ways (according to a range of other factors) though whilst their response is often predictable, it is by no means inevitable. The actions of business, meanwhile, have to be contextualised. Business' interest in, views towards, and influence over, social policy is likely to vary according to a range of variables: the structural context; the actions of rival interests; the anticipated consequences of acting or not acting, and who or what is acting (whether a large or small firm, whether an individual business person, enterprise or a BIA, and whether it is a financial or industrial corporation). Business and actors will consider a range of factors when deciding on appropriate actions, though it is important to stress that, for institutionalists, actors are not all knowing maximisers (Thelen and Steinmo, 1992: 8). Actors can behave with some rationality, but the consequences of their actions are not always predictable, and they do not necessarily follow a consistent and logical path. Moreover, actors will often make demands in the process of negotiation which they know are unrealistic and unrealisable (Pierson, 1995: 11). Whether business attempts to move from the left of the model of influence to the right of it will therefore depend on a complex range of factors. Whether it is interested in social policy, whether it formulates an opinion or viewpoint, whether it chooses to act, and whether it ultimately influences policy making are all influenced, not only by the structural context, but by complex decisions that are taken by individual actors within institutions.

A number of underlying themes inevitably flow from the above discussions and these will be used to guide the focus of the thesis. First, what is the general context within which business acts? Second, how far does business have an interest in social policy? Third, how does business view social policy and in what direction does business feel social policy should progress? Fourth, given its level of interest in social policy and its particular views towards it, how does business act and react to social policy? These questions are used as general lines of enquiry throughout the thesis, especially the second section.

This then is the background and rationale for the thesis. Below I detail the outline and methods of the various parts of the PhD.

1.5 STRUCTURE AND METHODS OF THE THESIS

The first part of the thesis (chapters 2 to 5) reviews previous literature and the second part (chapters 6 to 9) presents the empirical findings. Chapter 2 begins the thesis by investigating theories of business power and business influence. Specific focus is placed on those theories that posit that business is a privileged interest within capitalist societies. A distinction is made between structure and agency before concluding that a more flexible approach to their use is required: both need to be viewed as interdependent but variable forces in relation to their impact on policy.

Chapter 3 reviews literature on business influence on early social policy in the US and the UK. Despite the different localities, and different time frames, a number of key findings emerge: that on the issue of social policy business is split, that business opinion changes according to the wider political and economic context, and that business perspectives also differ according to the different forms of provision.

Chapters 4 and 5 turn the focus firmly onto the contemporary picture in the UK. Chapter 4 shifts the focus from business power to business associations. It introduces and reviews literature on the main BIAs in the UK, focusing particular on research regarding their organisation and influence. Since it forms an important case study later, particular emphasis is placed on the UK's largest employer's organisation, the Confederation of British Industry (CBI). On this, and other business organisations, there appears to be a degree of consensus that, in the UK at least, business associations are relatively weak organisationally and politically. There is a distinct lack of literature in this area, however.

Chapter 5 then switches the spotlight onto business and contemporary UK social policy. It suggests that in key areas the scope for business influence over social policy has increased during the 1980s and 1990s, especially on the local level. Whilst the breakdown in former corporatist arrangements reduced the scope for business voice at the national level, the decentralisation of services, the creation of new institutions, and the replacement of local authority with business representation on a number of welfare service boards has opened up a number of avenues for business involvement and influence.

Section two of the thesis presents the empirical findings of the thesis and seeks to develop and investigate themes from the literature reviews. The sources and methods used are outlined in Table 1. Four areas are covered, first the general structural power of business, followed by analysis of agency on three different levels: the national, the local and the level of the individual enterprise.

Table 1: Sources and methods of analysis

	Data source(s)	Data analysis
Ch. 6: Structural power	OECD, Eurostat, UK Government	Statistical analysis
Ch. 7: Agency power I: The Confederation of British Industry	Modern Records Centre, Warwick	Documentary analysis
Ch. 8: Agency power II: Bristol study	Documents and interviews	Qualitative analysis, Network analysis
Ch. 9: Occupational provision	Labour costs survey, Eurostat, various academic sources	Secondary analysis

Chapter 6 investigates and attempts to assess the changing nature of business structural power in the UK during the post 1979 period. It does this through the presentation and reassessment of official data relating to indices of power defined in the chapter.

Relying mainly on documentary analysis of the CBI archive in Warwick, Chapter 7 presents evidence of *interest in*, and *views towards*, social policy. It investigates the level and determinants of CBI interest in social policy as well as the extent of coherence in its views and responses to social policy. The context of its interests and views was also considered - particularly in relation to the activities and policies of the state. Analysing the UK's largest BIA should provide a useful indication of the position of organised business towards social policy. This chapter covers the middle two forms of business influence on social policy sketched out in Figure 1 above: lobbying and representation.

Chapter 8 studies business and social policy in Bristol. Bristol is a relatively large and prosperous city, though it has gone through a great deal of economic restructuring over the past 30 years. Like many cities it has its own social problems (including homelessness) and experienced social unrest and rioting in the mid 1980s. Bristol therefore provides a good insight into business activity in a typical British city. The methods used include documentary analysis, selective interviews and network analysis. Here the focus is on 1) the different interests and approaches to social policy of the two key business associations in Bristol, the CBI and the Chambers of Commerce; 2) business involvement in social provision; 3) the opportunities for business involvement in social policy (and in particular the importance of the state in creating these openings). Examining documents from business associations and welfare services provides an insight into the forms which business involvement has taken. Social network analysis helps to uncover more about the extent of business representation on the boards of social policy institutions - the incidence of cross membership, the inputs of individual firms and BIAs and the existence of key (elite) actors within the social policy 'network'. This chapter focuses on business involvement in social policy through funding and representation which are highlighted in Figure 1.

The last form of business involvement in social policy, direct provision, is examined in the final chapter. This uses official and other research data to assess the extent of occupational social policy in the UK. Occupational welfare is important to this study since it is a means through which business is able to help shape the overall level of social provision within a nation. An attempt is made to assess current provision and trends over time.

The conclusion then brings together the different parts of the theses and seeks to readdress the key questions of the thesis: the role and approaches of business in UK social policy.

2. CAPITAL AND THE STATE

2.1 Introduction

If we are to gain a fuller understanding of the potential for business to influence social policy formation and delivery it is necessary to examine general theories of the power and influence of business on policy making. Various accounts of business power will be presented, with a particular emphasis on those that theorise the privileged position of business within modern capitalism. As the introduction to the thesis made clear, the theoretical framework that emerges from this is essentially historical institutionalist in nature.

The structure of the chapter is as follows: first a general discussion of approaches to business influence will be discussed; second, theoretical accounts of business power will be presented, with a distinction being made between agency and structural approaches; these will then be evaluated with a discussion of the factors that impact on business power. Finally, a theoretical model of business influence is put forward.

2.2 BUSINESS: A SPECIAL CASE?

By focusing on business this thesis is positioning itself with, and building upon, those theories that suggest that, as a political and economic force, business is *a special case*; having the ability to initiate, steer and constrain government policies in ways not open to other groups. Adopting such a position today is neither new nor controversial. Indeed, such a position has come to shape much socio-political analysis in recent years so that the traditionally distinctive features of pluralism, elitism, corporatism and Marxism have become at least less visible, and in some cases, almost invisible (for a discussion of general convergence and theoretical overlap between approaches to the state see Marsh, 1995; Dunleavy and O'Leary, 1987: Ch. 7).

Accompanying to this trend towards convergence around the question of the primacy of business power, there have also been attempts to find a more useful explanation of business power that goes beyond uni-dimensional approaches, and instead provides a less prescriptive explanation of business power and influence. This chapter seeks to develop some of these ideas further, and to establish a basic model on which the analysis in subsequent chapters can be built. To be able to do this, however, it is necessary to recognise and illustrate the basic forms of power that have traditionally defined, and divided, state theorists - those that focus on actions, and those that focus on structures.

2.3 ACTION-BASED APPROACHES

The actions of individuals within the policy making process are central to many accounts of policy making and of the operationalisation of political power. The aim here is to focus on business actors and the ways in which they may influence the policy process.

Since we are interested here in the privileged position of business we can immediately dismiss, as Miliband did in the introduction to his seminal work on the state published in 1969, classical pluralist theory. This is not to say that pluralist critiques of power will be ignored, but the classical pluralist position - that power is diffuse and political actors operate on equal, or potentially equal, terms - is not useful to our analysis. Further justification for leaving classical pluralist arguments out of our discussions, if needed, is that two of its most distinguished early advocates, Charles Lindblom and Robert Dahl, have since done a great deal to demonstrate its inadequacy in explaining the power and influence of business in America. As Dahl and Lindblom stated in 1976 (p.xxxvi):

> In our discussion of pluralism we made another error – and it is a continuing error in social science – in regarding businessmen and business groups as playing the same interest-group role as other groups . . . . (C)ommon interpretations that depict the American or any other market-orientated system as a competition among interest groups are seriously in error for their failure to take account of the distinctive privileged position of businessmen in politics.

Lindblom's most important contribution was to introduce structural analysis to a remodelled pluralist framework, thus highlighting the importance of both agents and structures to an understanding of business power. More will be said of structuralism, and Lindblom's work, in due course.

The starting point here is a closer examination of Marxist theory. It more than any other has been divided on the relative importance of structures and agents in facilitating capitalist dominance. Such arguments were, of course, at the heart of the instrumentalism v structuralism debate between Miliband and Poulantzas in the 1960s. The discussion begins with Miliband's contribution.

Before embarking on this discussion, however, it is necessary to examine the appropriateness of terminology in relation to the concept of instrumentalism. Although it is commonplace to use the term *instrumentalist* to simultaneously describe the direct actions of capitalists as well as their direct participation in the machinery of the state, the concept more accurately describes not actions but power relations between capital and the state – where the state is said to be an *instrument* of the capitalist class. This account of power is argued by Miliband to constitute the classical Marxist view on the state (Miliband, 1973a: 283). It is most clearly put forward in the Communist Manifesto, where the executive of the modern state is reduced to 'a committee for managing the common affairs of the whole bourgeoisie'. Similarly, in the German Ideology:

> The State is the form in which the individuals of a ruling class assert their common interests, and in which the whole civil society of an epoch is epitomized . . . (Marx and Engels, 1978: 187)

Defined in this way instrumentalism best describes the power relationship between state and capital, and should be contrasted with what Miliband terms the secondary view of capital and the state, according to which the state is free, or relatively free from, and independent of, the former in terms of its operation and decisions (Miliband, 1973a: 283). It isn't useful, therefore, to use the term instrumentalism to describe the *actions* of capitalists. Neither is it useful to contrast instrumentalism with structuralism. For the sake of clarity, then, the concept of agency or action is used to describe one method of influence open to business and other groups, and this will be contrasted with structure.

The following section begins by examining agency influence. Here we may distinguish between two mechanisms of agency: 1) the direct and indirect participation of business in state institutions, and 2) direct pressures which stem from business as an independent political actor. In practice, of course, these forms are not mutually exclusive and are related. For the sake of conceptual clarity, however, they are presented separately in the following two sections.

Direct and indirect participation in state institutions

I deal first with <u>direct</u> participation in the state. Both Marxists and elite theorists have contributed to the debate surrounding business access to key positions within the state. The most familiar Marxist account is provided by Miliband (1973c). According to Miliband's early writings, it is the ability of business to dominate the institutions of the state that is the key to its power and influence. Whilst it has often been assumed that business people themselves were essential in ensuring that the state served business interests, however, Miliband himself did not argue this. Indeed, he maintained that business people proper did not constitute more than a small minority of state personnel (Miliband, 1973c: 55). What was important to Miliband was not so much that the key positions within the state were occupied by business people, but that such positions were occupied by individuals who were the natural allies of business. Class domination was therefore achieved through political and social cohesion within the upper class which includes both business leaders and state elites (Ibid: 23, 61). Both have been drawn historically, according to Miliband (Ibid: 61) 'from the world of business and property, or from the professional middle classes' (ibid: 61). For him, business people and their sympathisers have been able not only to gain disproportionate access to government and civil service posts, they have also been able to dominate other institutions of the state. The same goes for older institutions, such as those of the military, church and the judiciary and corporatist such as corporatist institutions and the mass media which grew up over the post-war period (ibid: 54).

Evidence for the domination of key state positions, or command positions in Miliband's parlance, is also provided by others, most notably those writing from an elite theory perspective. Domhoff, for example, has provided a great deal of evidence to support the argument that business and other elite interests have dominated the state in the US (1967; 1987:321). He found, for example, that between 1932 and 1964 a significant majority of senior secretaries of state could be classified as members of the upper class (ibid: 97-99). More recent evidence for the domination of British governments by members of the upper classes, and by business, has also been provided by Scott, 1991. His work on elite networks, company directorships, and cabinet membership allowed him to conclude, on the grounds of social-ties, educational background and family background, that British Governments, and in particular, Conservative Governments, have been dominated by members of a dominant elite, or 'power bloc' (Scott, 1991: 137). In work reminiscent of Miliband's, he argued that, within the power bloc, the primacy of a particular set of ideas regarding policy making and governance is achieved, not so much through one class, but through

> An alignment of the capitalist business class, the entrepreneurial middle class and the service class (ibid.).

Although having diverse class origins these groups, according to Scott, have a 'similarity of outlook and behaviour' (ibid.). The literature on elite interests does not only reveal business participation within executive bodies, however. More recent discussion has tended to focus on business domination of non-governmental organisations. Particularly important in the UK has been work on quangos (quasi-autonomous non-governmental organisations). Whilst figures on the numbers of quangos actually shows their numbers have been falling since 1979 (from 2,167 to 1,389) (Wilson, 1995: 9) this vastly underestimates the actual number of organisations which today could be described in these terms. Official figures, for example, exclude grant maintained schools, FE colleges, city technology colleges, Training and Enterprise councils and even the utility regulators; all of which have been established since 1979. It is within organisations such as these that business has gained increased access and developed important avenues through which it is able to gain a direct voice in policy formation (Peck, 1995a, 1995b, 1995c; Tickell and Peck, 1995; Graham, 1995; Wilson, 1995). Since a more detailed investigation of quango bodies is carried out in subsequent chapters it is unnecessary to discuss these in any greater detail here.

The first form of indirect business participation in state institutions is through business-state actor linkages. Policy network analysis in particular has focused on the importance of such linkages, through which the capitalist class is able to 'reach' the bureaucratic, legislative and executive wings of the state (Jordan and Richardson, 1987; Useem, 1990; Smith, 1993; Rhodes and Marsh, 1992). Networks may be large or small, formal or informal, temporary or permanent, and inclusive or exclusive.[1] The

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[1] Those applying network theory to political processes tend to distinguish between policy communities and issue networks. Policy communities are more closely tied with the instruments of policy making. They usually involve one or two government departments, and one or two interest groups. The policy community engages the participation of the select few interest groups, but in exchange for this involvement and consultation, the interest group themselves must forgo independent campaigning. In short the group must 'comply with the rules of the game', developing policies in partnership, and abiding by the decisions of the community (Smith, 1993:61). Hence groups which utilise more radical campaign methods such as group demonstration, will be automatically excluded. The form which this interaction between interest groups and government takes can be either formal, for example representation on advisory committees, or informal, in the case of ad hoc committees, and in meetings with officials (Smith, 1993: 64).

Whilst policy communities tend to be small, issue networks are much larger and the relationship between government agencies or subcommittees (of which several may be involved) and other actors, including interest groups, tends to be acrimonious (Smith, 1993: 61). Unlike policy communities which tend to form permanent or semi-permanent bodies, issue networks are constantly changing. They are made up of many different actors who form loose groupings around issues, and most often seek to pursue their interests through the lobbying process (Smith, 1993: 63). The relations within and between the groups can become strained and complex, however, as each interest seeks to draw sympathetic actors in to support their cause. Government, for its part, finds the control of issue networks much more difficult than policy networks, given their size and complexity, but the power of the actors within them is often reduced by rival conflict and their lack of resources.

power of business is reflected in the kinds of networks they are involved in and are able to themselves establish. Powerful sections of business will be included in one or several networks and be consulted regularly by government in areas which it has some expertise or experience.

The second form of indirect business participation in state institutions is achieved through the funding of political parties. This is particularly important in the UK context. Fisher (1994: 698-99) found that, in relation to the Conservative Party, the primary objective behind business funding was to influence the direction of policy making. Indeed, donations were generally made in the belief that they would 'yield some selective benefit', including greater access to policy makers. This ability to provide large and important sources of revenue to political parties is an important, and in some ways unique, means by which businesses and business people are able to influence parties and governments. Of course, up until recently business funding has been mainly directed towards the Conservative Party, and, according to Fisher (1994: 699) the prevention of the election of a Labour Government. From this, and evidence of recent expansion in the size of donations to the business-friendly Labour Party under Tony Blair, it is clear that political donations are not just about gaining access to ministers, or even supporting one particular party, but about rewarding political parties. Also important here is the public backing that business is able to provide at the level of the individual firm or of organised business given its privileged position.

Direct and indirect pressure

The most important form of direct pressure stems from business' lobbying activities. Business, as other groups, is able to put to policy makers its desired policy choices. It is this form of influence that is most familiar to political scientists. Hence business may seek to put direct pressure on government (perhaps through direct contacts) in order to initiate policy changes. Moreover, the important position that business holds in capitalist societies makes it unlikely, according to Bonnett (1985:96) that larger enterprises would be refused access to ministers and state officials. The same goes, according to Offe and Wiesenthal (1985) for business associations - which often represent the largest and most prosperous businesses. Merely expressing an opinion on a given policy or informing politicians of generally low levels of confidence within the business community is, according to a number of commentators, enough to influence government (Lindblom, 1977: 185; Block, 1990: 300-305; Mintz and Schwartz, 1990). It is not only through direct exchange with Ministers that business is able to place pressure on government, however. Also important is the ownership, control and use of the media. Ways in which business is able to use the media would include press releases and coverage of events such as business conferences – both of which may be used to persuade governments or make direct appeals to the electorate. Open support or opposition in such forums may assist or hinder the progress of a given policy, or the electoral chances of a political Party.

The only real example of business' use of indirect pressure on policy makers is through its funding of rival groups. Perhaps the most important example here would be think-tanks. The importance of think-tanks to the development of government policy is a matter of ongoing debate, but in relation to the development and fostering of Thatcherite ideas, for example, Desai (1994: 28-29) identifies the Institute for Economic Affairs and the Centre for Policy Studies as particularly important. Both were essentially right-wing, and both were heavily funded by business. Also important, according to Leys (1989) were donations to 'union breaking' organisations such as the Economic League, Common Cause and United British Industrialists which specialised in infiltrating and destabilising unions over the 1980s.[2]

Evaluating agency

It is clear from the discussion above that business is able to use its voice in different ways to influence policy outcomes. It is able to participate directly in the policy arena, or apply external pressure on policy makers and it is able to do these things individually or collectively. What places business in an advantaged position to other interests is both its access to resources and its position as the chief creator of wealth within capitalist societies. Since it occupies this position policy makers are more likely to listen to the demands of business. This position appears, on the face of it, to be uncontroversial and relatively straight-forward. Debate has raged, however, on the real significance of actions to the dominance of capital. To illuminate this debate, it is useful to draw on the defining features of the so-called Miliband-Poultantzas debate which was alluded to earlier.

In contrast to Miliband, Poulantzas (1973) maintains that the key to understanding policy bias towards capital within the state is not the actions of individual business people, nor personal relationships formed by actors within and beyond the state, but objective impersonal forces that exist to constrain the capitalist state. In a famous

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[2] One estimate put the finances of this organisation above the combined funds of the Conservative and Labour Parties during a typical election year (Leys, 1989: 137).

critique of Miliband's work, he argued that Miliband was mistaken in focusing too heavily on the individualised and personalised relations between capital and the state. For Poulantzas (1973: 295) the actions of the state were determined by objective forces and could not be reduced to individuals, their class positions or the connections between members of the state and business elites. The relationship between the state and capital for Poulantzas is, then, both structural and functional. The capitalist state acts as a 'factor of cohesion between the levels of a social formation' (1968: 44), or to put it another way, as a unifying agency between opposing class interests. The state, for its part, has a responsibility to foster unity between classes, and it is out of this responsibility, but faced with on-going class struggle beyond the state, that the state acts, and its actions are determined.

The problem with Poulantzas' response to agency arguments is that it replaces an incomplete but relatively flexible set of arguments regarding the operationalisation of business power, with a relatively rigid and tautologous one. He does not provide a convincing account of why the state acts in the interests of capitalists – rather that the state acts in this way because it is a capitalist state. Neither does he provide a convincing explanation of why the state develops as it does, and how and why the many varieties of capitalist state develop - particularly those that provide greater or lesser social provision. To be useful to us here, we require a theory of business power and influence that acknowledges the role and importance of business actions, but at the same time places these actions in historical, political and economic context. The extent to which policy makers listen to business, whether business chooses to act in the first place, whether business speaks with one voice or several, will partly depend on this. To formulate a useful account of business influence we also need to distinguish clearly between different sources of business power. Before we are able to do all this it will be necessary to outline and discuss business' second form of power – structural power.

2.4 STRUCTURAL POWER

Structural theory is concerned with the 'non-actions' of business - the ability of business to shape policy without having to place direct pressure on the state through its agents. Whilst action may be necessary to win given policy battles, or present particular perspectives, business action is not necessary for the state to actively promote the interests of business. The point is not that the state is constrained by the expressed opinions of business, nor by the actions of business within the state, but by the position that business occupies within capitalist societies as owner and controller of private firms and capital. In the following sections four forms of structural power, commonly put forward in the literature, will be rehearsed: control over investment, state revenue dependence, power over labour, and ideological control. Though these are analytically distinct, they are in practice interrelated and, in general, mutually reinforcing. Only after presenting these four sources of power will it be possible to enter into further debate concerning business power in the UK.

Control over investment

The ability of business to make free investment decisions within capitalist economies is the most important of its mechanisms of structural power. Business has an 'institutionalised right of capital withdrawal', this often being expressed more starkly as the weapon of the 'investment strike' - the power of 'exit' rather than voice to borrow Hirschman's (1970) terminology. The source of power here is the many free and individual investment decisions taken daily by businesses. Collectively, these decisions impact on the actions, decisions and policies of governments. Przeworski and Wallerstein (1988: 12) have expressed the sequence of arguments here most clearly and concisely:

> 'Investment decisions have public and long-lasting consequences: they determine the future possibilities of production, employment and consumption for all. Yet they are private decisions. Since every individual and group must consider its future, since future consumption possibilities depend on present investment, and since investment decisions are private, all social groups are constrained in the pursuit of their material interests by the effect of their actions on the willingness of owners of capital to invest, which in turn depends on the profitability of investment.'

Hence both governments and labour are dependent on investments made by business collectively, and the pursuit of personal or 'national' interest must accordingly take account of the impact that such pursuits have on future investment decisions. Ordinarily, labour and the state will wish to promote good investment environments, not just for home, but also foreign, investors.[3] Levels of business investment will determine, as Przeworski and Wallerstein state above, future production, employment

[3] A consideration here, however, has to be the rationale behind a company's planned foreign investment or relocation. Firms may invest or relocate some of its production in order to attract new markets, or may shift all or part of its production to new countries in order to gain advantage from cheaper labour or lower taxation rates (Strange, 1988:76). The latter reason clearly presents a bigger threat, and thus greater pressure, on the home government.

and consumption levels.[4] Labour (or, to put it another way, the electorate) is directly affected, of course, by reductions in any of these areas, and suffers the consequences through higher levels of unemployment, reductions in wages, and reductions in living standards. Since falls in investment are taken to be the result of individual, objective decisions taken in the interests of future productivity (on which a majority of society relies) and since governments are most often praised or blamed for the creation of good or bad investment environments, there is a direct link established between levels of investment and political success or failure. To put it more starkly, the ability of governments to attract investment will determine future production and employment levels (Lindblom, 1977; Gill and Law, 1989: 481), which in turn will be translated into electoral success or failure (Winters 1996: 28-36). The ability of businesses to make free investment decisions, therefore, translates into a form of veto power which stems from the simple truth that a lack of investment creates 'major problems for state managers' (Block, 1977: 175). In controlling society's resources, businesses provide functions which are indispensable (Lindblom, 1977: 172-175). The fact that businesses cannot be forced to undertake this role equitably or efficiently, however, means that governments have to induce them to do so, as far as that is possible. Such inducements may include tax breaks and subsidies, as well as investments in those infrastructure services that increase accumulation and profitability opportunities, such as investments in roads and transport, and, particularly important to this thesis, educational services. Governments also have to try to create and maintain stable business climates.

It is not just the economic success of business that impacts on the electoral success of governments, however. The fact that business productivity and efficiency is so central to a nation's, and the state's, success ascribes to business a potency relating, not only to its actual performance, but also to its likely future performance, and more specifically, businesses own perceptions and views regarding such performance. This issue is further complicated, however, by the fact that business views also help to

[4] It is important to stress here that both industrial and financial capital are important to the discussion. Indeed, it is, according to Strange, increasingly financial investment decisions, including the availability of credit, which hold the key to structural power (Strange, 1988:30). To some extent financial credit frees industrial capital, at least in the short term, from its reliance on the accumulation of capital, and facilitates future investments. To secure credit, firms and countries have to retain the confidence of financiers (Mintz & Schwartz, 1990: 222). The decisions of the financial sector, therefore, impacts, to varying degrees, on production and research within the industrial sector (Strange, 1988:30). The result is the development of a disproportionate reliance of industry, not to mention states, on the financial sector.

determine future economic prosperity within a nation. In the case of internal and external investment, for example, the opinion of business, outwardly expressed, may influence new investment decisions.[5] The implication here is that governments need consider, not only the effects of policy on business profitability, but also the reception with which new policy is likely to be met in the business community (Block, 1990: 300-305). Underpinning investment decisions is business confidence in the future, and a lack of confidence may require policy change, even if business has lived with identical policies in the past. According to Mintz and Schwartz (1990:222) levels of business confidence, and business investment, act as signalling devices to governments; a low level of either sends a signal to governments that current legislation may have to change, or new legislation is required.

State revenue dependency

Given the dominant role of the capitalist sector in production, investment and accumulation, the state sector necessarily relies on the capitalist sector for its revenue. Whether taxation is levied on incomes (profits or wages), expenditures or invested capital, the amounts raised will clearly depend on the health and accumulation rate of the capitalist sector. Whilst the production that creates taxable resources is viewed as being essentially beyond the states control, the state must do all it can to create the right conditions for private accumulation since it is itself dependent on this process. And even if the government is forced instead to borrow to finance its expenditures, it must borrow from the private capital market at rates of interest set by market forces. As Offe and Ronge (1982) argue, the state is structurally dependent on the capitalist sector for its revenue, therefore whatever the complexion and programme of the government in power it cannot pursue policies which undermine capital accumulation. To do so would be to endanger the revenues of the state and thus the self-interest of state bureaucrats and policy-makers. As Offe and Ronge put it:

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[5] Here is the point at which both structural power and agency power converge.

> Since the state *depends* on a process of accumulation which is beyond its power to *organize*, every occupant of state power is interested in promoting those conditions most conducive to accumulation. This interest does not result from alliance of a particular government with particular classes . . . nor does it result from any political power of the capitalist class which 'puts pressure' on the incumbents of state power to pursue its class interest. Rather, it does result from an *institutional self-interest* of the state which is conditioned by the fact that the state is *denied* the power to control the flow of those resources which are indispensable for the *use* of state power. (Offe and Ronge, 1982: 137-47).

An interesting paradox in this process is also revealed in Offe and Ronge's work. Although the state is constrained by its reliance on capital in raising resources for its programmes, many of those programmes are themselves a response to the social problems created by the dynamics inherent within capitalist societies, such as drives toward greater profitability, efficiency and competitiveness (Offe and Ronge, 1982). Given all this, the state is only able to act in the interests of labour (or even in its own interests) if such action does not undermine the accumulation process itself (Offe and Ronge, 1982; see also O'Connor, 1973 and Gough, 1979).

Power over labour

The fact that capital occupies monopoly positions over private investments and that labourers have no other means of subsistence apart from selling their labour power, places labour in a position of relative dependence and capital in a dominant position of power and control. This dependency strengthens the relative power of the capitalist class defining, as it does, both conditions of production (hours, working conditions and flexibility of labour) and rates of pay.

For its part, labour is undermined by the contradictory nature of the pursuit of its interests. On the one hand labour and capital's interests collide, but on the other, labour must safe-guard the dominant and competitive position of the firm since its own interests are synonymous with the continued profitability and accumulation of capital by the firm and, therefore, the efficient use of labour (which can result in increased exploitation and redundancies). When labour seeks to defend its interests, therefore, it can be easily accused of threatening the future of the business, and hence its own future. Capital, on the other hand, can defend its own interests safe in the knowledge that what it does can be defended in the name of future competitiveness and prosperity (Offe & Wiesenthal, 1985: 180). Korpi (1983) specifies more clearly why this should be the case. He argues that power resources in society take one of two forms: 1) control over the means of production and 2) the organisation of wage-earners into unions and political parties (Korpi, 1983). Since the capitalist class controls the means of production under capitalism, the extent of working class power is determined by its ability to organise itself collectively. Capitalists, on the other hand, can access power resources without having to organise at all.

Whilst it is true that there is mutual dependence between capital and labour – capital also needs labour – capital possesses two asymmetrical sources of power. First, it can determine the amount and qualifications of the labour it hires through its control over the capital-labour ratio embodied in new investment. Second, capital has been historically more mobile than labour. This is partly due to immigration laws and other restraints on population mobility, and again this reflects the power of capital. However it also reflects the universal requirement to reproduce future generations, which requires relatively stable household forms to rear and socialise children (Gough and Doyal, 1991: ch.5). As a result of these two factors, labour is asymmetrically dependent on capital, though the degree of dependence will vary, as discussed below.

Ideological Control

The final power resource of capital under discussion here lies in the ideological domain. A group may exercise ideological hegemony if the groups' interests can be legitimised as the 'national interest'. Because of the foregoing arguments, this is precisely the position that capital is in. The dependence of society and state on capital profitability and accumulation acts as a gravitational tug on the 'volitions' of the population, according to both Lindblom (1977) and the dominant ideology thesis within Marxist theory. Ideological reproduction reinforces the notion that business is the unit on which most social and economic activities depend. The state, for those reasons outlined above, plays a part in reinforcing a pro-business ideology, which serves to further increase the power of business by preventing or neutralising opposition within the working classes or actually enlisting the support of workers for the capitalist's cause (a discussion of this process can be found in Miliband, 1969: 165 and in Poulantzas, 1969: 58-60). The implication here, then, is that business or capitalist power translates into ideological power, and this helps to shape values and interests within capitalist societies including those of labour and the state. Here it is useful to cite Lindblom (1977:202).

> Consider the possibility that businessmen achieve indoctrination of citizens so that citizens' volitions serve not their own interests but the interests of businessmen. Citizens then become allies of businessmen.

It is important, then, to view the reproduction of ideas as part of the political struggle itself. The production of these ideas, and the process through which these ideas come to dominate, operates through both structural and agency forms. On the one hand, and as already outlined, business is able to contribute to the development of ideas directly through agency. On the other, structural mechanisms will often constrain the options open to state actors and other key actors. The manifestation of structural power in the form of ideological power can make certain policy choices appear normal and others as deviant (Block, 1990: 306). Organised labour, for its part, is less likely to pursue what it considers to be unrealistic aims given the dominant ideological and political context at any one time, whilst business is less likely to need to use its own resources to attempt to steer policy in a given direction if the dominant ideas of the time already favours its interests.

Evaluating structure

These then are the various accounts of capital's structural power: control over investment, power over labour, state revenue dependency, and ideological dominance. What the structuralist position illustrates, in essence, is that business is able to exert power over policy makers and on labour without having to act. It is able to influence government policies just by carrying out its day-to-day business activities. There is some debate about how effective structural mechanisms are as forces of influence, however. In one of the best critiques of structural power, David Vogel (1996) challenges several of the assumptions which underpin the structuralist thesis. To begin with Vogel (1996: 249) questions the potency of the investment strike by business. He argues that the threat of the investment strike is not as powerful as it is frequently portrayed. Withdrawing investment, he maintains, not only hurts governments and labour, but also business itself. Its potency is therefore limited. Second, since business depends on selling its products, its ability to 'flee' to other jurisdictions is limited by its ability to continue to sell to consumers in those countries. Third, not all companies have the same degree of mobility, therefore governments need provide inducements only to certain businesses, not business as a whole.

Whilst these are valuable contributions to the debate, these criticisms do not weaken the central arguments here. Whilst it is true that non-investment hurts business, it is important to be clear that business does not ordinarily stop investing because it is using this as a political weapon, but because it believes its interests as a company would be better served if it did not invest. Therefore, whether or not business suffers in the long-run is unimportant to the *impact* of structural power. However, since policy makers are dependent on investments they will do all they can to encourage investments and will seek to avoid, at all costs, an investment strike on the part of business. This in turn suits business both for the reasons pointed out by Vogel (that investment strikes hurt business) and because the more the *threat* of the investment strike is used, the less effective it will be. Hence, business power stems more its control over private investment than the use of the investment strike. Here it is also worth considering Gill and Law's (1989: 486) contention that transnational corporations are able to off-set losses in one country against profits in another; the implication being that business is better placed than labour or the state to bear the short-term costs of the investment strike in one country.

Vogel's second point, that business' ability to 'flee' is limited by its ability to continue to sell its products to its customer base, is a more powerful argument, though the implications here depend on the sector of business and the nature of the state under discussion. For certain firms exit is not an option (deep shaft mining and large parts of the service sector are examples) whilst for others their mobility is more likely to be constrained to particular trading regions (for example those dependent on the EU's customer base). For financial capital the situation is different again since it is far more mobile than other forms of investment. But all this misses a crucial element of the debate. It is not just the exit of capital that impacts on states, but also the necessity to attract inward investments. The existence of closely integrated trading blocs such as the EU acts to increase structural power to some extent by increasing competition for investment between states (this point is further developed below).

In relation to Vogel's third criticism of the structural power thesis, whilst it may be true that state inducements need only to be offered to certain parts of business, this does not mean that policies are not constrained or shaped by business interests, just that they may be influenced by key sectors of business. Few structuralists would argue with this point, and indeed, would stress its importance to an understanding of dominant fractions of capital.

Whilst these criticisms of the structuralist thesis offered by Vogel are important, then, they do not weaken entirely the merits of structuralist arguments. What is clear, however, is that to be of any use here structural power needs to be viewed less rigidly – as a variable rather than constant force. Those factors which impact on both structural and agency power to either limit or increase it are examined in the following section.

2.5 THE VARIABILITY OF BUSINESS POWER

According to Pierson (1995:9):

> The assertion of business' 'privileged position' has appeared to be ill-suited for *comparative* investigations of policy development. Lindblom presented his argument as a *general* claim about the nature of private power in market economies, but as critics have pointed out, market systems are compatible with widely divergent relations between business and the state. Patterns of government intervention vary greatly across countries and over time within particular countries (emphases added).

This criticism of Lindblom is perhaps the key reason for the lack of work carried out into business influence on social policy. It is certainly one of the reasons for the declining interest in structural power in recent years. The reasons for both centre around a desire to avoid determinism and a desire to locate tangible *measures* of influence. Marxist perspectives in particular tend to overestimate the willingness and ability of the state to act in the interests of business or capital. Where the state has failed to act in the interests of business relative autonomy arguments, and long rather than short-term arguments, are presented as a defence of the thesis. Such arguments, as Elster points out, however, quickly become circular and tautologous (1990:94). The problem is that there will always be exceptions to the rule. It is possible for the state to act independently of business interests – hence policy making cannot be reduced to simple cause and effect mechanisms. To be useful a theory of power has to be able to account for the fact that business power is not a constant force, but that there are evident variations in the power of national business and financial interests vis-à-vis the state, labour, citizens, or the capitalism's of other countries. We also have to be able to account for changes in power over time.

Here we need to consider in more detail the factors that limit or increase business power and it is to this matter that the chapter now turns. The power of business can be seen to hinge on four main factors, each of which apply, to varying degrees, to both forms of power. First, business power, especially agency power, will be dependent to some extent on the organisation and operation of the business community and on the extent of unity and cooperation within it. Second, the nature and operation of the state is important. Of relevance here is the age of the democracy in question, the historical dominance of particular classes or interests, the political complexion of dominant Parties, the openness of the institutions of the state, the number of access points within the state and the nature of the state (whether federal or decentralised). Third, the activities and relative power of rival interests, particularly the labour movement, are important. A fourth important factor is the impact that globalisation and other forces have on the ability of capitalists to make free investment decisions. Although the third and fourth factors relate more clearly, though not exclusively, to agency and structural power respectively, the first two can be seen to impact on both forms of power. The following section expands on these.

Capitalist unity

The most common objection levelled against the 'business as privileged interest' thesis is that there is no one clear, coherent, unified business view (Dahl, 1961). At least three internal cleavages exist: between sectors, notably between manufacturing and finance, between groups of different sizes, for example large versus small business, and between capitals of different nation states (Mann 1993). Also important, of course, is the fact that all businesses, even cartels, compete with each other on some level.

Without coherence and unity, the notion of business as a powerful group is minimised for two reasons. First, the capacity for the capitalist class to organise together with one voice is reduced. Second, if the capitalist class is fractured, the ability of the state, or any other institution, to act in the interests of the capitalist class as a whole is diminished. The former relates mainly to agency power whereas the latter relates to both structural and agency power.

It may indeed be the case that divisions within the capitalist class prevent it from either acting together on all issues, or responding to the same stimuli in the same way, but there will inevitably be points on which the capitalist class is united. For Miliband (1969: 139-148) business splits tend to centre around smaller and less significant issues, which quickly heal when matters of substance are raised. Coates supports this argument. He maintains that capital is able to demonstrate remarkable unity if:

> a general threat to the social privileges of capital and of the class that possesses it is perceived, particularly if the threat comes from the labour movement and other exploited classes on whose perpetual subordination capital depends for its very existence. (Coates, D, 1984:59)

Akard (1992: 597-98) is probably right when he states that intra-class splits are less likely when capital's interests are directly threatened. Levels of unity will therefore change over time. The growth of inter-corporate communication networks in particular have been argued to minimise political conflict within the business sector (Clawson et al, 1986; Useem, 1981, 1990). Useem's (1984) study of elite interests, for example, uncovered a high level of unity amongst senior executives, fostered through co-operation at the boardroom level. Underlying this unity was the fact that it was in the interests of executives generally to pursue linkages and contacts between firms and between other executives since they provided vital information about important business issues. Multiple dependency relationships were argued to be developing between firms, and these were leading increasingly to common frameworks and consensus on a range of political matters.

The most important exchange networks develop where the connections between firms are more formalised through trading agreements, common ownership or, of growing importance in the UK, interlocking directorships where directors sit on a number of boards of a number of different companies (Useem, 1990: 268-9; Scott, 1985: 44-46; Scott and Griff, 1984). The spur to corporate network developments has, in the past, been identified most commonly as economic concentration. Economies where production and ownership is concentrated in few hands tend to foster greater cooperation, coordination and dependence between firms (Useem, 1990). Such linkages are important in that they provide common interests between firms, thus increasing the potential for unity between business interests.

International cooperation between firms is also becoming increasingly possible and important in the global economy (Holton, 1998: 62-66). Such coordination is made even easier, according to Mintz and Schwartz (1990), by developments in the financial sector. As the financial sector is generally more monopolistic than parts of the productive sector, and as the latter is generally dependent, and becoming more so, on the former sector for credit, then the centralised and coordinated decisions of the financial sector on how to dispose of credit confers on financial leadership the capacity to coordinate activities among a wide variety of producers (Mintz and Schwartz, 1990: 205). The capacity of such decisions to determine the behaviour of firms is potentially more important in the case of developing countries, however, where the dependence on foreign investment capital is much higher, though it is increasingly relevant to developed countries.

Even taking into account all these factors it remains the case that the capitalist class still contains a range of diverging interests. Whilst there may be widespread agreement amongst companies to reduce business costs, for example, such agreement may not exist in relation to a range of other policies, including the extent and scope of social provision. Questions regarding the extent to which state social provision serves the interests of the firm, for example, will more likely depend on the size and resources of the firm, how easily it can meet the costs of new or existing legislation, the sector in which the firm produces, and the nature and pattern of its markets. Also important here is the argument that different fractions of capital operate to different time horizons. Whilst larger, particularly transnational capital, operates to longer time horizons, smaller firms have only short-term time horizons. Hence, large-scale capitalist interests pursue different policies than their smaller counterparts, as do different sectors of capital (Gill & Law, 1989:484).

It would appear from the above, then, that splits within the business community are prevalent, but that business is capable, if its interests are sufficiently threatened, of uniting behind common goals. Business organisations may play an important part in this of course. It remains the case, however, that the state is capable of acting in the interests of dominant fractions of capital, which is the arguments put forward by Longstreth (1979) and Ingham (1984).

The nature and operation of the state

State-centred theory maintains that it is wrong to reduce the state to economic or other class interests. Instead it is important to consider the particular interests and goals that state actors themselves formulate and pursue. The state is viewed as a collection of actors who may pursue their own interests, and as a set of institutions which define and constrain the scope of political action (Skocpol, 1985: 28). The state cannot, therefore, be reduced to dominant class interests. For Skocpol (1979) the state is not relatively autonomous as Marxists have argued, but is 'potentially autonomous' from acting in the interests of capital. Policy may, and often does, therefore, undermine the interests of business. Block's contribution is similar to this position in many ways. For him, the role of rational state actors is important to an understanding of state decision making (1977: 13-15). The state is relatively free to pursue its own interests – though state actors will be constrained by the imperative to create economic conditions that are conducive to long-term growth. The actual level of autonomy, however, will relate to the relative power of various class interests, the size of the particular department's budget, the policies of the elected Government, and the impact of past historical legacies on present forms of policy delivery (such as the extent to which policy areas have been given autonomy in the past, and the level at which the policy in question is delivered) (Block, 1977:22, 24).

It should be clear, then, that if the institutional context of policy making changes, and if the state actors have themselves their own interests which they are able to pursue, then the power of business is also subject to change. This need not alter the fact, however, that business actors tend to be the most powerful group, nor does it alter the fact that capitalist structures constrain or steer state actors.

The labour movement

As already discussed above, capital is in many ways in a more advantageous position than labour, but this does not alter the fact that the labour movement itself is capable of direct and indirect political action which serves to undermine capitalist power. Labour is able to do this, of course, through parliamentary representation, lobbying activities and strikes.

If it is true to say that part of the reasoning behind the tendency of political parties to favour business interests is political survival, it must also be true that democratic political Parties, especially those that represent the working classes, must also serve those interests in order to get re-elected. Hence, over time, through the democratic process, labour has undoubtedly been able to extract favourable policy outcomes from the capitalist state (Korpi, 1989; Esping-Anderson, 1990:16). There is a whole literature surrounding the issue of 'whether politics matters' to the development of social democratic politics that cannot be considered here (e.g. Korpi, 1983, 1989; Hicks et al., 1989; Hicks, 1991; Vaisanen, 1992) though governments of different complexions are clearly able to follow distinct pathways in managing capitalism.

The labour movement is also able to challenge the domination of capital in an alternative, and some would argue more effective way, through collective organisation and direct political action. Strikes, demonstrations, and workplace disruptions can all be used, and have been used effectively, in order to obtain concessions from individual capitals, and the capitalist class more generally (for a discussion of the use of such tactics in relation to the American New Deal see the discussion in Chapter 3). Whether these concessions are in the form of welfare reform, or greater employment rights, they can then be used in order to further the interests of the labour movement (Piven and Cloward, 1979; Jenkins and Brents, 1989: 896). It is also the case, however, that past victories tend to be reversed once agitation and unrest subsides, which again illustrates the way that policies naturally swing towards the interests of business (Piven and Cloward, 1979 Ch. 5).

Capital mobility, globalisation and the changing capacities of states

If the most important form of business's structural power is control over investment, it follows that the extent of this power will relate directly to its mobility and possibilities for exit. Put another way, the extent to which capital is able to apply pressure on the state is largely dependent on how genuinely mobile capital is. If capital is immobile, then the threat of exit is reduced or even removed. A number of factors can affect the mobility of capital. Firstly, it is clearly easier for capital to shift investment within rather than between states. Second, larger firms may find it easier to shift investment than smaller ones. Third, it is not possible for firms to move investment freely where the source of trade is relatively or firmly fixed to a particular area. It is fair to say that mineral exploration is firmly fixed, manufacturing is relatively fixed and financial trading is highly mobile (though its mobility does depend on the nature of its investments and the regulations governing investments, and whether we are discussing the administration of the business or its portfolio investments). It should be stressed here, though, that relocation or switched investments do not have to be wholesale, and may consist of a small or minor part of the total level of investment.

Whilst this is not a thesis about globalisation, many of the arguments raised by globalisation theorists are of direct relevance to the discussion here. There are several dimensions to the globalisation debate relating to its impact on capital, labour, states and ideology (for a review see Wilding, 1997). The focus here, however, is on debates that relate specifically to the scope for capital mobility and the autonomy of nation states. Growing evidence suggests that, from the mid 1980s onwards, there has been a rapid growth in internationally mobile financial and industrial capital (Held et al, 1999:210). Parts of financial and industrial capital have become increasingly mobile in the wake of a general relaxation in capital controls since the 1970s. In a comprehensive review of the evidence relating to the process of globalisation, Held et al concluded, in relation to financial capital, that:

> Since the 1970s there has been an exponential growth in global finance such that the extensity, intensity, velocity and impact on contemporary global financial flows and networks are largely unprecedented. (1999: 234)

The result has been greater pressure on nation states to pursue tight domestic monetary policy, primarily to retain and invoke confidence in financial markets (Held, 1999: 229). International finance markets, according to Christopher Pierson, function as a 'permanent referendum upon governments' capacity to pursue a 'sound economic policy' (Pierson, C. 1996: 180). Financial capital is only part of the picture, however. The more mobile forms of industrial capital are the multinationals, and it is these that the globalisation literature has tended to focus on. Again there has been disagreement on the extent to which MNCs are truly global (Hirst and Thompson, 1996: 2-3), though in their review of the evidence Held et al concluded (1999: 281) that:

> Among OECD states in particular, the magnitude and economic significance of (Foreign Direct Investment) and MNCs in relation to national economic activity are such that the needs of multinational capital cannot be ignored.

The main reason they cannot be ignored is summed up by Marshall (1996: 208). He argues that technological development has increased competition between different countries, and the lengths to which countries, particularly peripheral countries, must go in order to make themselves *more and more attractive to investment* (ibid.). Moreover, according to Gill and Law (1989: 417), states increasingly need to create investment opportunities within attractive investment environments in order to strengthen their own economies. In an environment (and in sectors) where mobility is high, and where the necessity to attract new capital is high, the resulting pressures on governments are, according to Winters (1996: 19-20) more intense than the participation of capital in decision making.

The implications of these pressures, according to globalisation theorists, is that a global hegemony is developing which is pushing states towards unregulated, flexible labour markets and de-regulated and open industrial and financial markets[6] (Cerney, 1997: 259; Martin and Schumann, 1997: 7; Gill & Law, 1989; Crouch and Streeck, 1997). It is also suggested that this global hegemony has been given authority by various world organisations such as the OECD, the UN and the IMF (Gill and Law, 1988: Ch. 16; Held, 1991: 220-222) and who, incidentally, also impose direct constraints on the policies of nation states (Pierson, C. 1996: 182; Strange, 1988: 112-4). Of course, such organisations are themselves influenced by the possible effects of policy on, and reception within, the world capitalist community. As Gill and Law (1989:484) put it:

> Insofar as international organizations accept a framework of thought that serves the interests of capital, they are likely to exert influence and sometimes even pressure (for example in IMF loan conditions) on national governments of a sort which is congruent with that exerted by business.

In such environments, the ability of nation states to stray from the developing global hegemony, and in particular, to put in place legislation that increases the costs on multinational companies, which may include state social provision or regulations on the private sector, is reduced (Pierson, C. 1996: 171). We also have to acknowledge here, however, that some countries have been more eager than others in following and promoting this model, and few have been as keen as the UK. This process creates two

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[6] This debate concerning the importance of international frameworks for impacting on the running of economic and social policy has parallels with the notion of the collapse of Fordism, and the adoption of Post-Fordism within Western economies (for a discussion see Jessop, 1991, 1994; Burrows and Loader, 1994).

main problems. First, states which de-regulate their economies in response to global pressures will then find it very difficult to re-regulate them (Cerny, 1997). Second, as more states relax regulations on global capital it becomes more difficult for regulated states to maintain their positions.

These kinds of arguments are challenged by some globalisation theorists. The two most familiar counter arguments are: first, nation states have been able to respond to these kinds of pressures in different ways; and second, globalisation is largely a myth since capital mobility has been regional rather than global, restricted to North or South, or to one of the major trading regions (Held et al, 1999: 247-250). It has also become, according to Gordon, 'a spreading political fatalism in the advanced countries' (cited in Wilding, 1997: 414). Whilst these arguments are important to globalisation theorists, they are less important to the debates here surrounding structural power. Capital can be equally, or even more, structurally powerful within regional trading blocs than the global sphere. In the UK case, competing for investment with other EU countries has been a key feature of policy making in the 1980s and 1990s – facilitated by the free movement of capital within Europe, but a relatively weak state at the federal level. The best indication of this was the controversial advertisement placed in the German business press in 1993 which encouraged German business to take advantage of:

> lower wage costs in Great Britain . . . wages and social charges are significantly lower . . the labour costs index for Britain is 100 compared to 178 for Germany (cited in IDS Quarterly, no. 66, April 1993: 8).

All that is required for the structural mechanism to operate, then, is for states to desire that capital invests within it, and for them to have sufficient autonomy over important areas of policy making (especially regulatory, taxation and spending decisions). The fact that we may not have a truly global economy is therefore unimportant here. Indeed, it could be argued that the fact that we have not got a perfectly integrated global financial market serves to increase the impact of structural power since it increases the impact of speculative capital on nation states. According to Held (1999: 228) finance within a truly global market would behave more rationally and predictably and there would be less advantage to financial speculation which can be challenging for nation states.

These then are the four main factors which determine the extent and variability of business power within capitalist societies.

2.6 ARRIVING AT A USEFUL THEORETICAL MODEL OF BUSINESS INFLUENCE

Whilst it is useful to an understanding of business influence to report how both action and structures can operate to constrain or influence the policy process, it is also important not to over-simplify the exclusivity of either form in policy making. Instead it is important to learn from, and build upon, those theories that emphasise the importance of both action and structures to an understanding of power and the policy process. Looked at in this way, structural and action-based explanations of power and influence are not contradictory, nor is one a more accurate explanation of power than the other. Since both describe ways in which business is able to influence the actions of the state it is likely that, at different historical points, and in relation to different policy areas, either form may present the more adequate explanation of power and influence. What is required, therefore, is a more flexible approach to business power.

In order to more fully understand business power, we have to view both structure and agency simultaneously as interdependent forces. This is the basic argument of two important works on the subject, that of Lukes (1977) and Giddens (1979). Beginning with Lukes, he argues that the ability of agents to act actually takes place within an existing structural framework, with the effect that an analysis of action does not make sense without reference to structures. Structures actually determine an agents varying abilities and opportunities to act (Lukes, 1977). Action, in the mean time, plays a part in creating and determining the form of structures. This would appear to be a circular argument, and to some extent it is meant to be, though it becomes more persuasive as we again consider the fact that the impact of business actions and of structural power vary according to time, and according to the policy in question. The extent to which business will take action in order to attempt to influence governments, and the form this action takes, will depend on current structural influences, and the extent to which business feels that it could benefit from taking action. This action in turn could help to reinforce structural power. To be clear, the context in which capital is structurally powerful helps to determine the social and political context in which business acts. Moreover, the extent to which business is able to rely on structural power will determine whether or not it *needs* to take action, and, if it were to take action, how well placed (in terms of its relative power) it will be to influence policy.

An important contribution to attempts to combine structure and agency has also been made by Anthony Giddens (1979). He coined the term 'structuration' to emphasise the inter-dependency and the interrelationship between structure and action. According to Giddens, structures define the boundaries of action, and they are themselves the consequences of some form of human action. It is therefore, according to Giddens

(1979: 69-70) not helpful to distinguish between them and certainly not useful to view them as separate forces. Accordingly, the power of capital and ability of capital to act is dependent on its structural position, and structures 'only exist in so far as they are created and maintained by human actors' (1979:90).

It is not necessary here to engage in the level of debate necessary to support or refute structuration as a concept, though it is useful to draw from it the basic contention that structure and agency are, in many ways, connected. This does not mean, however, that it is necessary to abandon the distinctive features of structure or agency as descriptions of methods of influence. Indeed, it is important to retain these in the case of business, since only business exerts agency <u>and</u> structural power simultaneously (Marsh and Locksley, 1984: 50). It is essential, therefore, that both actions and structures are focused on in order to understand business influence. However, it is also important that the crossovers between structures and agents are considered. Through this, a simple one dimensional model of state-capital relations (where capital influences through either structural or instrumental methods) is replaced by a multi-dimensional one (where structures define how influential actions will be; where actions and non-actions can reinforce structural powers; and where the actions of the state (and individual state actors), play a part in determining how influential structural or agency pressures will be on policy. Moreover, this approach allows us to theoretically accommodate the situation where capital makes explicit threats to withdraw investment - where the 'threat' is exercised through agency though the actual power on which this threat is built is structural (Ward, 1987:597).

The theoretical point at which we have arrived, after considering these different mechanisms of business power together with their variability, is essentially historical institutionalist. Structural power is an important factor in determining the context within which institutions exist and agents act, though it is not determining. States themselves have a key role to play in determining the significance and impact on structural power. Whilst their response is often predictable, it is by no means inevitable. The actions of business, meanwhile, takes place within the wider institutional context. Whether business actors choose to act, how they determine their own interests, and how other actors (such as labour or state actors) respond (even how they are likely to respond) will also be influenced by a range of institutional factors – the 'rules' of the game, likely successes, past experiences, the likely result from not acting, the number and range of political access points, resources, the relative power of rival groups, business unity, and the perceived importance of the policy in question (a more detailed discussion can be found in Thelan and Steinmo, 1992: Ch. 1). Further discussion of many of these issues will feature in subsequent chapters.

2.7 CONCLUSION

The above discussion has highlighted and distinguished two forms of power: agency and structure. Both, it has been argued, are important today and both are interrelated. Most importantly, agency is exercised within a wider structural context. Their significance varies over time and between states. These are important conclusions for the rest of the thesis. The model of influence that was developed in the introduction suggested that, in order to influence through agency, business first needed to be interested in an area of social policy and then needed to follow this through. What this chapter has demonstrated is the sheer complexity of this process. Since structural power can determine policy outcomes, it is often not necessary for business to resort to agency. If it does, it has a number of direct and indirect ways of influencing. Business also holds real advantages here (such as privileged access to policy makers, access to networks and greater resources) over other groups. But, as already mentioned, business power and influence is variable over time. Business is split on many levels, and many forces and factors may impact on its power. To be clear, then, both agency and structural power vary in relative importance over time. It also follows from this that both these forms of power may be variable between policy areas. This is a crucial point and certainly one that requires more investigation. The main point, however, is that even with its position of relative advantage, business does not inevitably shape policy outcomes.

The lessons this holds for this thesis are that in trying to establish potential influence over social policy it is necessary to consider: 1) both agency and structural factors; 2) how both structural and agency influence have changed over the period; 3) the variability of agency and structural factors between policy areas; and 4) how and why different parts of business may try to influence social policy.

3. BUSINESS AND SOCIAL POLICY: EARLY WELFARE REFORMS

3.1 INTRODUCTION

The aim of this chapter is to review literature on the historical development of welfare both in the UK and the US. The American New Deal is used as a case study, both because far more has been written on the potential influence of business on this legislation than has been written on any area of British welfare development, and because a number of parallels can be found between the American and British cases. Work on the influence of business on British social policy development is very thin indeed. The research that has been carried out originates from just a few key sources. Despite this the British and American cases illustrate remarkable similarity. Taken together, these case studies raise a number of key questions that can be applied to recent social policy, and prepare the ground for a consideration of contemporary social policy development in Chapter 4. This chapter will first present competing models of welfare development before going on to focus on literature relating to business influence on, first, the American New Deal, and second, on early British welfare reforms.

3.2 MODELS OF WELFARE STATE DEVELOPMENT

As the introduction to the thesis made clear, many reasons have been given for the development of welfare states, though none have provided a comprehensive account of the role that business has played. It is useful here to present some of the most important of these accounts.[7] These models are here grouped into three distinct types: those that stress the role of socio-economic factors to welfare growth; those that focus on the activities of the state and the actors within it; and those which focus on political mobilisation as the engine to social change. Each provide push factors to welfare outcomes.

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[7] Other theories which are less relevant here and will therefore not be discussed include: the importance of religion, middle class conscience, and the influence of the political business cycle on welfare state development (for a discussion of these see: Castles, 1994; Therborn, 1994; Hall, 1952: 4; Fraser, 1984: 134-7; Griffin, Devine and Wallace, 1983: 350).

Socio-economic factors and welfare state development

Developmental models of welfare growth link socio-economic factors with social policy. Two variants are included here: the first links welfare growth to economic development, the second to the needs of capitalism. These are discussed in turn.

Wilensky (1975) posits that the most important determinant of welfare states is economic development and accompanying political and bureaucratic development. Under capitalism, former political and economic settlements break down, and previous institutions of care and welfare collapse. These changes can be chronicled as follows. First, the development of new forms of production created dislocated and more mobile labour which was forced into the cities. Problems that inevitably arose from this required state solutions, particularly with regard to poverty, disease and cyclical unemployment. Later, state involvement in order to create a better disciplined, more healthy and educated workforce was required. Second, because industrialisation undermined those institutions that would previously have made provision for those in need (such as the family, Guilds and Friendly Societies and the church) the state was increasingly required to step in to resolve social, political and economic problems. As state institutions developed, so did their capacity to provide solutions and to obtain greater resources. The assumption here is that economic development has positive effects on social and political rights, though the role of class action and agitation, and of different political parties and ideologies are played down (Vaisanen, 1992:310). Because these developments apply to every industrialised and industrialising country, welfare states should, accordingly, converge, and social policy should develop in tandem with economic development. Given this, the extent of needs within a country, such as the size of the elderly population, will be a major determinant of social expenditure (Pampel and Williamson, 1985).

A second variant of the industrialisation thesis is provided by those working within a neo-Marxist framework. It is suggested that the motor behind welfare development is the role that welfare states play in supporting capitalism by assisting the accumulation process and legitimising social relations. According to James O'Connor, state expenditure fulfils one of two functions. *Social capital expenditure* increases labour productivity and lowers reproduction costs, whilst *social expenses* are used to maintain harmony. The first category increases capital accumulation, the second does not, and at certain times, actually undermines it (O'Connor, 1973: esp. 5-10). In addition to the needs of capital, welfare also has to fulfil the needs of labour and respond to its demands. An ongoing problem for the state, however, is that each of the demands made on it are difficult to meet when faced with limited resources from taxation and increasing social problems which require higher state expenditure. Taxation, whilst providing one solution to growing inequalities and a lack of state revenue, is also part of the problem, since it impacts on both capitalists and labour (depending on the rate at which tax is levied on both respectively). Since for O'Connor the tendency is for business to become increasingly monopolistic this creates new problems for the state to resolve. Monopoly production tends to create surplus production which in turn leads to surplus labour which the state itself is increasingly relied upon to support (O'Connor, 1973:161). The state responds by putting in place services that are designed to preserve and protect capitalism. This of course is a contradictory task.

A further important point is that the state itself depends on revenue obtained from the private (monopoly) sector (see Chapter 2). It is essential, therefore, that the interests of this sector are protected and preserved above those of the competitive sector (O'Connor, 1973:43). This, in addition to those pressures already discussed, provide an impetus to welfare expansion, but at the same time, forces the state to attempt to target spending to areas of social investment, and to come up with solutions to periods of crisis. The problem with this argument is that it is rather circular, suggesting that states respond to pressures created within capitalism by either reducing or increasing expenditure

State-centred theory

Chapter 2 highlighted the contribution to the debate of state centred theorists making a rehearsal of general theoretical points unnecessary here. This section focuses on the contribution of such work to the social policy debate. For state centred theory the initiative for social policy development comes from state actors. The impetus behind welfare reforms, according to De Swaan, is provided mainly by *reformist politicians and administrators in charge of state bureaucracies* (1988:9).

This is not to say that capital, or working or middle classes for that matter, are unable to influence state policy. Where particular interests battle for changes in the levels of social provision, state actors intervene and attempt to 'manage' the situation. Their success in doing this, indeed their desire to do this, will be determined, according to Huber et al (1993: 714-5), by the constitutional and policy context in which the crisis and the intervention occurs. Past resolutions, successes and failures set the context within which new solutions will be offered. In this respect, therefore, state actors will operationalise solutions according to their own perceptions of the problems they encounter, and their knowledge and experiences. But importantly, state officials are portrayed as innovators of social and public policies rather than merely being responsive to external forces (Skocpol, 1979). In addition, once state services are set up by statute, bureaucrats are often able to expand them without new legislation (Alber, 1982, cited in Huber et al, 1993:722). The fact that bureaucrats are to some extent sheltered from public scrutiny does provide some capacity for policy development based on the goals and interests of key individuals (Martin, 1989:194) which, according to at least one school of thought, do not include efficiency (Niskanen, 1971).

Power Resources

The class struggle thesis posits that social policy outcomes are determined by class conflict and compromise played out within non-institutionalised or institutionalised contexts (Griffin, et al 1983: 384). Before discussing the nature of class struggle within these contexts, it is useful to consider the relative positions and power resources of social classes.

Of particular importance to welfare outcomes are the relative power resources of capital and labour. Conflict between these two groups will inevitably take place, and the policy settlement eventually reached will reflect the distribution of power held by both groups (Shalev, 1983; Korpi, 1983). Power resources stem from: 1) control over the means of production and 2) the organisation of wage-earners into unions and political parties (Korpi, 1983). Since the capitalist class controls the means of production under capitalism, the extent of working class power is determined by its ability to organise itself collectively and to compete for electoral power. Labour power therefore manifests itself in either institutionalised or non-institutionalised forms, and both receive a great deal of attention in Korpi's work. The most important determinant of the potency of working class power is the extent to which it is organised. The history of its success in collective organisation affects, not only the final distribution of resources and levels of inequality within societies, but the extent of welfare services (Korpi, 1983:187). Korpi does not ignore the fact that this is only part of the equation however. Economic growth, historical context (the past successes or failures of the labour movement) and the composition of the population are also important (ibid.) as is rival strength of the political Right. The organisation and unity of the Right, according to Castles (1986: 672; 1989: 432-3), is crucial to an understand of the shaping of state welfare. A fragmented Right will tend to allow for the emergence of a strong Left and so a more generous welfare system whilst a strong and unified Right will tend to impede welfare state growth. The only exception here is education. In the area of education spending there is a strong correlation, according to Castles (1989:432), between parties of the Right and generosity of expenditure.

Although class rivalry may be important to welfare outcomes, so too, it would appear, are class coalitions. Two such coalitions have been identified as being of particular importance during the 20th century: the alliance between workers and farmers, and the alliance between working and middle classes. The forged alliance between farmers and workers is thought to have been decisive in the development of Swedish welfare (Esping-Anderson, 1990). The alliance of rural workers with conservative interests in Austria, however, is argued to have hindered the development of social policies, despite the fact that both countries have experienced a similar degree of working class mobilisation (Esping-Anderson, 1990:18). Important, particularly in post 2nd-World War history, have been working and middle class coalitions. Since the major demands of the working class – full employment and income equality – have been peripheral concerns for the middle classes, the success of welfare state development has largely been dependent on the extent to which middle classes could be incorporated within them, and encouraged to support and defend them (Esping-Anderson, 1990:29-32). Indeed, according to Baldwin (1990: 111), the resilience of welfare states has been dependent largely on the extent to which they have successfully integrated middle class with working class support.

Non-institutionalised class struggle

Non-institutionalised class-struggle emphasises the importance of direct action, agitation, the strike weapon and social unrest in social policy development. Social policy outcomes are, in short, the result of working class mobilisation against rival interests (other classes or the state). Piven and Cloward (1971:7) offer one of the clearest accounts of the significance of working class pressure.

> mass unemployment that persists for any length of time diminishes the capacity of other institutions to bind and constrain people. . . The result is usually civil disorder - crime, mass protests, riots - a disorder that may even threaten to overturn existing social and economic arrangements. It is then that relief programs are initiated and expanded.

It follows from this argument that the more the working class is organised and prepared to agitate, the more comprehensive will be the system of welfare provision. Piven and Cloward (1979) offer a useful model of how the working class move towards non-institutionalised struggle. The model contains four main phases. First, events such as economic depressions lead to working class frustration and grievances. Second, because of this, workers change voting allegiances and seek to air their grievances through more institutional channels, e.g. through trade unions, the media, elected representatives etc. Third, as previous efforts prove fruitless, and as economic and political crisis increases, so workers turn to more collective action in order to defend their interests. Fourth, social unrest then occurs and political action takes non-institutionalised forms. Depending on the frequency, ferocity and length of such action, elite groups may either ignore or respond to it. This will then often trigger the development of welfare policies, though the nature of these policies will vary. It is important to note, however, that once social unrest has subsided, past concessions are often reversed (Piven and Cloward, 1971: 45).

Institutionalised class struggle

Institutionalised class struggle refers to those formal mechanisms of political participation: voting and democratic rights and interest group organisation. The most important of these is universal suffrage which, once established, provides a medium through which the working class is able to extract favourable policy reforms (Korpi, 1989; Esping-Anderson, 1990:16). Hence, the British welfare state is argued by Vallocchi to have been triggered by, first, the collapse of the dominance of the state by aristocrats and second, the expansion of mass Party organisation and in particular the development of Party co-operation and competition between the shrinking Liberal Party and the expanding Labour Party (Vallocchi, 1991:172). Of particular importance, according to Vallocchi, was the early Liberal-Labour pacts, forged mainly to consolidate the anti-Conservative vote, which resulted in the election of Labour's first MPs in 1906. This co-operation helped to persuade the new Government of the need for welfare reform (Vallocchi, 1991:172-175).

Generally, Leftist parties are more likely to serve the interests of workers and in particular respond to their social policy demands (Korpi, 1983, 1989; Hicks et al., 1989; Hicks, 1991; Vaisanen, 1992). Conversely, Rightist parties will tend to (but not always) stand in the way of welfare developments and undermine past welfare concessions (Castles, 1986). Class-linked political parties are thought to be significant, therefore, in winning class-based policy battles. Important for the working class in particular is the fact that past victories, in terms of policy outcomes, tend to add to class strength and unity, not least by increasing income security and reducing or eradicating poverty (Esping-Anderson, 1990b:16).

An alternative but nonetheless important institutional mechanism of class struggle, particularly in European nations, is provided by corporatist institutions. Corporatism develops, according to Jessop (1990:122), out of the ongoing class struggle between capital and labour. Whilst the representation of citizens, within 'parliamentarianism', is secured through the participation of electors in parliaments through voting rights, within corporatism, representation is mediated through public institutions whose membership is made up of both capital and labour and the state (ibid:119-121). The 'distance' between the class representatives and the state is therefore 'shorter' within corporatist structures than within parliamentary ones. This fact, according to Panitch (1980:174) has the potential to increase the power of labour, since historically, policy making arenas have been dominated by ruling class interests. Mediation between business interests and the state is likely to take place anyway, and does not require corporatist structures, though the role of business in decision making is rarely acknowledged. In the UK at least, macro corporatist institutions have tended to focus on specific areas of potential disagreement between capital and labour, such as incomes policies and economic policy, and have therefore excluded social policy. In relation specifically to social policy, corporatist institutions have tended to exist at a lower or meso level and have been limited mainly to training policy (see Cawson, 1985:15; Vickerstaff, 1985; Grant, 1993:159-163). Moreover, since the UK only briefly experimented with corporatism during the 1960s and 1970s its relevance to this thesis is limited.

These then are the three main accounts of welfare state development. Whilst business as a specific actor is somewhat neglected in each account, it remains an important element in all of them. Business is a key rival to labour in power resources accounts and may be important in determining welfare reform. Socio-economic models highlight structural factors as the driving force behind welfare – social policy being determined by the needs of business. Missing in all but the corporatist account is an adequate analysis of business agency, and of how structural and agency factors may combine to influence social policy. The rest of the chapter will attempt to locate useful evidence from previous literature.

3.3 INTRODUCING THE MISSING VARIABLE: BUSINESS AGENCY AND SOCIAL POLICY

Now that a more general discussion of influences behind welfare state development has been undertaken, it is useful to begin to move more decisively to the main themes of the thesis, beginning with an important study carried out by Goran Therborn (1986). Therborn's study is a unique attempt to try to document the positions of business and labour on welfare reforms, focusing not merely on responses to proposed changes by the state, but also the ideal-type welfare outcomes of these two interests. In order to arrive at these ideal types Therborn analysed a number documents produced by both employers and the labour movement over a number of years. The results are outlined in Table 2.

Whilst Therborn's description of his methods are a little woolly in places, it is useful to note them here. In order to gauge labour's position Therborn looked at a number of programs and resolutions of the First, Second and Third Internationals and the responses to these of various parties on the left in several countries. Indications of national strategies to resolve immediate and short-term problems and responses to government policies were also looked at. This, Therborn argued, gave an impression of the perspectives of organised labour before it was shaped by parliamentary experiences. For the business perspective Therborn looked at the responses of bourgeois parties to early welfare reforms together with more recent responses produced by the OECD Business Advisory Committee in 1981 (Therborn, 1986: 155-156).

Generally speaking, organised labour pushes for rights-based, universal and nationally based welfare systems, underpinned by full employment, income and wealth redistribution, and controlled by labour. Capital, on the other hand, tends to push for welfare which assists accumulation and profits, primarily by helping businesses to acquire a sufficiently skilled, loyal and flexible workforce. It also tends to push for income protection programmes that are selective, based on insurance and contributory principles, and controlled by employers (ibid: 155-157).

Table 2: Ideal welfare types

Labour	**Capital**
Assertion of workers' rights above principles of Insurance and charity and the requirements of capital accumulation, competitiveness and work incentives	Welfare arrangements should be adapted to the requirements of capital accumulation, competitiveness and work incentives.
Priority task is for workers protection (safety at work, leisure from work and union rights). Second top priority is the right to work, and employment under non-punitive conditions.	The priority task is to secure an adequately skilled, able and loyal workforce
Administrative control of income maintenance schemes and welfare services to be in hands of unions. Bipartite or tripartite management a second best.	Administrative control should be in the hands of the employers or specialised private enterprise or associations. Bipartite or tripartite constitute a second best. Exclusive union or state control should be resisted.
Schemes should have wide coverage and uniform organisation of social institutions.	Coverage and organisation of schemes **should not be** universal and uniform.
Financing through redistribution – through progressive taxation or employers' contributions	Financing of schemes should be based on insurance and contributory principles

Compiled from Therborn, 1986: 155-156.

Therborn's contribution to the debate is important since his work begins to bridge the gaps left by the key theories of welfare development already outlined above. Business opinion, in this instance, fits well with neo-Marxist accounts of the position of capital, though Therborn's contribution goes beyond this by highlighting the important role of the state and other actors, the importance of political battles between major interests, the importance of temporal factors, and the subsequent impact of reforms on relations and institutions (1986: 157-159). His most important contribution, however, is not so much the development of a theory of welfare states but his clear presentation of the conflicting interests of capital and labour on key questions of welfare reform.

Now that a theoretical assessment of business and social policy has been undertaken in general terms, it is necessary to add to this by examining literature on the role of business in early welfare state development. Since it offers a more detailed and wide-ranging body of literature, the American New Deal is discussed as a case study alongside British experiences. Together these offer qualitative and historical evidence relating to the role of business in social policy evolution.

The American New Deal

The American New Deal offers a rare opportunity to focus on business influence on social policy. Nowhere else has the debate about the role and significance of business on social provision been more hotly debated by students of social policy. This section reviews literature that makes competing claims regarding the significance of business on the formation of the New Deal.

The New Deal described a set of proposals which were introduced in the 1930s. The most important single piece of legislation was the 1935 Social Security Act. This introduced: 1) a federal old age insurance programme, 2) federal-state unemployment insurance, 3) grant-aid to enable individual states to fund assistance for children, the elderly and the blind, and 4) subsidies for provision to infants, disabled children and pregnant women. The introduction of this legislation bought the US more into line with Europe in the 1930s, though it was limited by the fact that the federal states had a great deal of autonomy in deciding levels of provision.

The literature is divided on the role that business played in the development of the New Deal. According to Piven and Cloward (1979), for example, reform was the result of labour activity, both institutionalised (resulting in the election of the Democrats in 1932) and non-institutionalised (the increasing incidence of labour strikes from 1931 and a massive wave of workplace disruptions in 1934). On the role that business played in the New Deal, divisions arise between those who maintain that the key to understanding social reform was the positive input of business, and those that argue that business fiercely opposed the New Deal, and that its main contribution to welfare reform was to stall it. On the notion that the business community opposed the establishment of the New Deal a number of important sources can be located. Block (1987: 181), for example, states that:

> the business community was almost unanimous in its condemnation of Roosevelt's (New Deal) initiatives.

Miliband (1973c: 92-3) supports this position

> it is quite probable that no leader of a government in this century has been more hated, and even feared, by business elites than was Roosevelt in the early (and even later) stages of the New Deal

A similar point is also made by Skocpol and Amenta (1985: 572) when they assert that:

> virtually all politically active business leaders and organizations strongly opposed national and state-level pensions and social insurance . . .

For Skocpol, the most important reformers behind the New Deal were state actors, including civil servants and 'expert' reformers (Skocpol, 1985; Skocpol & Amenta, 1985). In maintaining this she is joined by Stinchcombe (1985: 424) and De Swaan (1988: 5-10). Whilst none of these authors would dispute the fact that the panels of experts who created the New Deal included business representation, there is huge disagreement about the significance of business inputs for the development of the New Deal. Whilst Skocpol and Amenta (1985) play down the influence of business generally, arguing that those business views represented in the New Deal Committees were not typical of wider business opinions, Jenkins and Brents argue, not only that capitalists controlled the formation of the major proposals of the New Deal, but that they generally supported them (1989:894). Swensen (1997: 88) puts the point more forcefully, stating as illusory the picture of monolithic organised business interests lined up in opposition to the New Deal.

Before considering the reasons for such sharp divisions of opinion between commentators on the New Deal, it is useful to highlight some points of agreement. Almost all agree that the turning point for the development of a more centrally coordinated federal social programme was the Great Depression of the 1930s. Not only did economic collapse reduce the ability of business to deliver welfare services, but also restricted its opposition to reforms. Business did not only face enormous economic pressure, it had to deal with increasing labour militancy and popular disenchantment with business more generally. The Democrats were able to take advantage of both these factors to justify greater state involvement in social policy according to Jacoby (1973: 154). Others argue that the state really had little choice but to get involved. Structural factors were important, according to Gordon (1991), since they forced government to act to assist business through more centralised interventionist measures. At the same time business had to accept greater state coordination of welfare as occupational schemes became less affordable for enterprises. After several decades of welfare growth, occupational welfare was cut back significantly. Business was forced to accept that it could no longer control welfare provision through occupational schemes (Berkowitz and McQuaid, 1978: 121-22). In the area of pensions in particular, business could no longer afford the spiralling costs created by economic crisis. As Gordon points out:

> the costs of maintaining private plans became increasingly burdensome through the 1920s and early 1930s. The DuPont company, neither a leader nor a laggard in welfare policy, saw its welfare costs jump from $2 million and 3 percent of payroll in 1930, to nearly $5 million and 5 percent of payroll by 1934. Pension liabilities ballooned with each year's retirement; unanticipated costs (such as legal awards) continued to rankle; and regional disparity in a competitive economy made any costs seem weighty (Gordon, 1991:176)

Unemployment also increased exponentially. By the mid 1930s it had reached 50% in some cities, devastating small businesses and impacting on white-collar jobs (cited in Jenkins and Brents, 1989: 895). Faced with all these pressures, business had little choice but to acquiesce to the more centralised, federal measures being proposed by Roosevelt. Whilst public initiatives had been rejected by business in previous years, the Depression, Jenkins and Brents (1989: 895) argue, helped to legitimate government intervention in the 1930s (Jenkins and Brents, 1989: 895).

There is a big difference, of course, between the suggestion that business acquiesced to social reforms and that it actually played an active role in initiating reforms. On this point there has been much debate and disagreement. Jenkins and Brents (1989: 897-8), for example, argue that Roosevelt actually enlisted the help of a number of business people in order to establish the New Deal reforms. According to them, the National Recovery Administration (NRA) and the Business Advisory Council (BAC) were both established in the early 1930s with this objective. A key early role of the BAC was to help draw up the details of the proposed Social Security Act. Many of the BAC's members were also invited to serve on a separate social security advisory council. According to Jenkins and Brents (1989: 898) prominent business leaders, in effect, 'controlled the formulation of the two major planks of the Social Security Act: unemployment insurance and old age pensions'. Berkowitz and McQuaid (1978) support this reading of the important role played by business in the New Deal. Business inputs into the reforms were important in restricting reforms to those which business could broadly support. Of particular importance was the retention of the contributory principle for pensions and an earnings related element for social security (Berkowitz and McQuaid, 1978: 133-134; Jenkins and Brents, 1989: 898). The end result, according to Berkowitz and McQuaid (1978: 135), was widespread support for the Social Security Act from business as soon as it became apparent that reforms would not radically alter income distributions or undermine entrepreneurialism. Domhoff (1987: 313) concurs with this, though interestingly he distinguishes clearly between social security reforms and other moves to regulate business which are argued to have met with more widespread business condemnation.

These contrasting views as to the extent of business support for the New Deal may be explained, in part, by the extent to which business itself was split on the issues, and the scope parts of business had for changing its mind. Given the extent to which business was divided on the New Deal, it is possible to find evidence of business opposition and business support for the reforms. Indeed, it would appear that such fickleness on the part of business also surprised the Government. According to Piven and Cloward (1971: 83-88) early attempts by Roosevelt to retain business support for the New Deal were only initially successful as business faced up to economic disaster in the early 1930s. As the economy began to recover, however, so business support for Roosevelt and the New Deal is argued to have begun to wane. Indeed, Roosevelt himself is argued to have been caught off guard and angered by these changes in the business community (Piven and Cloward, 1971: 84). Roosevelt continued with the reforms, however, seeing himself as the saviour of American capitalism despite business rumblings (ibid.). He also tried to win support by watering down other policies such as price controls.

Beneath this highly complicated policy 'story' it is clear, though unsurprising, to find that certain elements of capital were opposed to the introduction of the New Deal, whilst others were more positive towards it. Still others were opposed to parts it, or at least had a more flexible or expedient approach towards reform. It is clear from the evidence that business was torn between opposing additional state measures in social policy, and accepting much needed state assistance in overcoming economic crisis. Those in favour of the introduction of the Social Security Act, for example, were mainly monopoly producers and large firms, whilst a great deal of opposition came from small to medium size firms (Domhoff, 1987: 300; Quadagno, 1984: 646; Swensen, 1997: 66).

> Capital-intensive big retailers, desiring loyal, efficient and therefore high-cost employees . . . faced intense domestic competition from low-wage smaller retailers, prepared to layoff and hire as demand permitted . . . . It is therefore probably true that *within* sectors, the capital-intensive firms were the most supportive of social security reforms (Swensen, 1997: 102).

This distinction between different sized firms is very important. Larger firms could not only absorb the costs of legislation, but actually benefited from a centralised unified approach to social reforms, particularly since a great many of them already provided services to their workers (Domhoff, 1987: 300-310; Swensen, 1997). Divisions along these various lines resulted, according to Jenkins and Brents (1989), in the development of two rival business coalitions: a conservative block and a corporate liberal block. The discussion so far has focused mainly on this latter group and its active involvement in New Deal Committees. Added to this might also be its close involvement with the Democratic Party, mobilising business support for the Roosevelt Administration and its formation of the Democratic National Committee to enable it to assert control over the selection of Presidential candidates (Jenkins and Brents, 1989: 893). The rival conservative block was also supported by big business, including the Chambers of Commerce and the National Association of Manufacturers, and it heavily funded Alf Landon, the Republican presidential candidate who ran against Roosevelt in the 1936 election (Jenkins and Brents, 1989: 894). Hence, the New Deal was opposed by this fraction at both the policy and at the electoral level.

Despite these differences in opinion, Gordon (1991) maintains that by 1930 business had little choice but to accept economic and social policy reforms as part of the strategy for renewal. This growing realisation encouraged many in business to become more actively involved in seeking to shape future social provision along lines that would be beneficial for them. There is also evidence to suggest that business opposition to the development of the New Deal greatly waned after it was eventually introduced. According to Quadagno (1985:576-77) many employers began to realise that state provision held advantages over previous arrangements, 'bailing out' companies that were concerned about their ability to continue providing benefits, standardising employee costs, and so ensuring that firms competed on more level playing fields. The eventual costs of these reforms were also less than was at first thought by many firms which may have led to this reduction in opposition (Quadagno, 1985:576).

By the end of the 1930s there appears to be some softening in opposition across business as a whole to the New Deal proposals. There is also some support for the argument that business didn't object in principle to the reforms, but to the specifics of the programmes (which included concerns over which group would eventually bear the costs of reform) (Jenkins and Brents, 1989: 900; Gordon, 1991: 189). Such a view was put forward at the time by Fortune Magazine.

> [T]he impressive fact remains that whatever changes business might demand in such laws as . . . Social Security, and the Wages and Hours law, business seems to embrace the principles of this legislation - collective bargaining under federal supervision, federal provision for old age, and a federal floor to the wage and ceiling to the hours of the country's working week (Fortune Magazine, 1939, cited in Swensen, 1997: 67).

Swensen (1997: 67) cites three examples which support the thesis that business opposition to the New Deal reforms softened in the late 1930s and early 1940s. First, the National Association of Manufacturers, despite their initial opposition to the Social Security Act, later helped to block legislation that would have 'backtracked' on the provision. Second, the Chambers of Commerce had, by 1942, adopted a more pro-reform stance and was generally less 'Roosevelt-baiting' than it had been previously. Third, surveys were carried out by the Chambers of Commerce at the end of the 1930s which reportedly revealed that a large majority of its members actually favoured the Social Security Act (ibid.).

Despite these various claims, however, Skocpol (1992) remains unconvinced of the argument that business played a major positive role in the New Deal legislation. She states that

> No matter how adaptable American capitalists have proven to be after the fact, the historical evidence is overwhelming that they have regularly opposed the initial establishment of new public policies that (in their opinion) would either interfere with managerial prerogatives or in any way raise of cost of doing business (Skocpol, 1992: 28).

Despite its tone, this point by Skocpol actually helps us to make sense of these disparate arguments concerning the role of business in the New Deal. Fitting in with the analysis above, Skocpol is really stating here that business: 1) initially opposed social provision that would undermine its interests, but 2) has been more adaptable once social legislation has been introduced. She also acknowledges that Berkowitz and McQuaid were 'successful at demonstrating influences by corporations once (they had been) passed by governments' (1992: 27). To be clear, Skocpol does not set out to prove that all parts of business were opposed to the New Deal, nor that key business people (or mavericks as Skocpol terms them) did not support social reforms. The key point of contention centres on the role that business, as a distinct grouping, played in the initiation and development of social provision. On this point Skocpol (1992: 27-29) maintains that business played either a minor or negative role depending on the policy in question.

After considering all these views, it is clear that the interpretation of the position or influence of business on the New Deal depends on a number of factors: 1) which parts of business are examined, 2) the time frame of the study, 3) whether we are discussing legislative proposals or established provision. Changes in any one of these in the research design is likely to lead to quite different conclusions. This is an important recognition. Also important is a further lesson from this review, which is that business agency influence on policy making appears to vary, not only over time (as stated in Chapter 1), but between policy areas and according to the stages of the policy process. Business may oppose social provision when it is muted (perhaps in order to help steer the policy agenda to its own position) but is more adaptable to changes once policy is enacted. Of course, the subsequent acquiescence on the part of business may reflect its successful political lobbying or the power of the structural mechanism which may ultimately protect business from change that would impact too negatively on it. The next section examines structural power in more detail.

Considerations of business structural power in relation to the New Deal

There has thus far been little consideration of structural influences on the New Deal. The most important contribution to the structural debate has been made by Pierson (1985). Importantly, before policies are introduced, and often even before they are investigated as possibilities, agents within the state will have considered the likely economic impact of that policy, and in particular its effect on business competitiveness. In relation to the establishment of the New Deal, a number of factors are argued by Pierson (ibid.) to have transpired to diminish the structural power of capital, and so make the introduction of social provision possible.

Economic structural factors played a crucial role in the development of the New Deal. Here a distinction can be made between two approaches. The first, which has already been outlined above, relates to the necessity of the Federal Government to protect and bolster US capitalism in the face of economic disaster. The Government, it has been argued, was better placed to try to protect the long-term interests of business almost from itself (Block, 1977; Miliband, 1973: 92-3; Gordon, 1991; Jenkins and Brents, 1989). The second element of the structuralist argument relates back to discussions in Chapter 2 of capital's power of exit which is increased in federal states such as the US. The reason for this is that individual states need to compete with their neighbours for business investment, and will be aware that their own fiscal and social policies might determine their ability to do this. However, the threat of reduced business investment lost its potency in the Depression as business investments had already shrunk significantly as a result of the general economic situation (Pierson 1995:15).

These economic structural pressures also led to important changes in political structural impacts. According to Pierson (1995) the US fragmented polity, up until around the 1920s and 1930s, served to increase the structural power of capital since local states found it very difficult to introduce policies that threatened to raise significantly the costs of those firms engaged in interstate competition (Pierson, 1995:24). The New Deal, according to Pierson, with its greater emphasis on centrally coordinated provision, reduced capital's structural power since it eroded the advantages for business of interstate relocation.

Both economic and political change, therefore, undermined the potency of the threat of non-investment. Whilst the ability of business to use the threat of exit subsided, however, the state did have to face real problems that stemmed from business collapse and lack of investment connected with economic decline. Perhaps the biggest contribution of structural factors, therefore, was that they guided Roosevelt towards policies that strengthened capitalist interests – providing subsidies to business, protecting the unemployed, preventing social unrest and instability. To do this it was necessary, according to Block (1977) and Miliband (1973c: 92-3) to act against the short-term interests of certain elements of the capitalist class in order to protect those interests in the longer-term.

In relation to the New Deal, therefore, a case could be made that social policy developed during the 1920s and 1930s partly because the power and responsibilities of business changed. To begin with, business was forced to change its attitudes towards state intervention and social provision in the face of economic and political pressure. Some parts of business were more willing to accept a greater role for the state than others. In an effort to win support from business, and prevent further economic problems, the state, however, did provide more opportunities for business agents to get directly involved in the policy process. Opportunities for direct involvement were therefore increased. These conclusions again highlight, therefore, the importance of considering both structural and agency factors in order to understand policy developments and the response and involvement of business in policy changes.

3.4 HISTORICAL ACCOUNTS OF BRITISH WELFARE REFORM

The lack of research carried out into the role of business in early British welfare reforms is striking. Hay commented on the problem in 1977.

> In Britain . . . the attitudes of the business community to social welfare legislation have not been seriously examined. This gap is an important one because business interests not only helped shape the climate of opinion in which legislators operated, but also on occasion pressed for the implementation of specific measures of social reform (Hay, 1977: 435).

Neither has the situation improved greatly since the 1970s. Writing in 1991, Rodgers (1991:315) echoed Hay's earlier remarks.

> though employers were visible, and even conspicuous in the debates over the economy, unemployment and the treatment of the unemployed (during the inter-war years), few historians have devoted serious attention to their activities and proposals.

A year later Melling (1992) conducted a comparative literature review of the contribution of employers to welfare state development in America and Europe but cited only Hay's work in relation to the UK. Despite a lack of evidence, this section of the thesis seeks to present and assess past contributions to the debate over British business involvement in the development of social policy during the earlier part of this century. Interestingly, a number of parallels with the US case emerge.

British liberal reforms are argued, by Hall (1984), to have arisen as a result of early capitalist 'crisis'. Crisis in this context refers to the massive upheavals in British capitalism from around 1880 to the years surrounding the First World War. This crisis brought about massive change in the British economy, consisting of four main threads: the sharp decline in Britain's economic performance and falling profitability; a loss of status and prominence on the world economic stage; an inability to move swiftly towards modernised production techniques (large scale production and utilisation of new technology); rising industrial militancy; and a shift away from domestic production into capital finance markets (Hall, 1984: 12-13). Accompanying this economic crisis, he argued, was the political crisis of liberalism, itself being undermined by the extension of the franchise to the working classes, the relative loss of power of the middle classes, and the ideological ascendance of collectivism over *laissez-faire* Liberalism (Hall, 1984: 13).

An interesting feature of Hall's otherwise comprehensive review of the period is the absence of any reference to the role of business agency in the policy arena. In order to obtain a more detailed picture of the role of employers in welfare development it is necessary to piece together evidence and analysis from general histories of the welfare state. From such evidence we can see that, as in the US, British employers played various roles in the development of early welfare reform. Employers, for example, dominated early welfare provision before the beginning of the century through the Boards of Guardians, responsible for administering the Poor Law (Melling, 1991: 230-33) and through their own occupational welfare provision (Russell, 1991: esp. Ch's 1-3). Occupational welfare programmes (which included occupational pension schemes and insurance against sickness and unemployment) expanded significantly over the 19th century and, according to Hay (1977, 1978b) were supported by many employers in the name of efficiency and greater control over workers insofar as they reduced strikes and engendered loyalty (Hay, 1977, 1978b). Hay (1977:437-8) also argues that occupational welfare programmes were more widely available than is often thought, although there is little evidence to suggest that the kinds programmes provided by the new mass-production, mass-consumption industries, typified by the likes of Cadbury and Rowntree, were representative of the majority of employers. These larger employers could make use of new management measures in order to promote greater efficiency within the workplace (Hay, 1977: 438). As happened in the US, the near monopoly positions of these companies allowed the costs of such benefits to be passed on to consumers.

The provision of welfare services was not wholly the domain of these new light industries however. According to Hay (1977: 438-9) welfare provision was made by a whole range of employers, including some within the old industries of mining and steel. He also argues that some of these were active in calling for greater state provision, although many were keen to protect and maintain their own welfare provisions since, as already touched upon, they provided an effective way of controlling employees.

The claim that key parts of business encouraged the development of welfare in Britain shows similarities with the American debate. As in the US British business was split on the issue of expanded state welfare provision. Splits were particularly evident between financial and industrial interests (Melling, 1991: 233), though, according to Ashford (1986:68) opposition to early reform came especially from landed property interests. These splits were intra-sectoral as well as intra-organisational – a good example of the latter being deep splits between supporters and protagonists of welfare reform within the Chambers of Commerce (see Hay, 1977, 1978b). Generally, though, according to Hay (1978b:115), 'the majority of employers were hostile or lukewarm to most state social policy and preferred private welfare or none at all'. Employers, it has been argued, could accept a degree of compulsion in the provision of social welfare, providing that they could retain maximum workplace control, that workers bore the costs, and the state remained at reasonable distance (De Swaan, 1988: 171; see also Therborn, 1986: 153).

Regardless of their own needs, however, British employers also began to face greater pressure from labour and the state to accept an increased role for centralised state welfare provision (Melling, 1991:230-232; Hay, 1977: 439). Occupational provision came under increasing pressure from several quarters. Such schemes were generally underfunded, and favoured only certain categories of worker (Melling, 1991: 230-231) and as such, attracted increasing opposition from unions, many of whom had developed more attractive programmes themselves. Hence, according to Melling (1991:231), employers were less and less able to force workers to join their contributory welfare programmes. These obstacles made it increasingly difficult for employers to use welfare policies to regulate labour, and increased still further the likelihood for state policies. As Melling (1991:236) puts it:

> The failure of capitalist provision of welfare, in the market and the workplace, provided one of the most significant policy contexts for the intervention of the state (Melling, 1991:, 236).

In addition to these pressures, two further politically significant events can be identified as important in determining the position of business regarding state welfare. First, many employers were concerned about growing levels of industrial unrest. As in the US, labour agitation grew during the last quarter of the 19th century, and employers were particularly concerned to find methods that would prevent this potential threat, or at least deflect the attention of workers away from what was perceived to be damaging legislation, and towards employer-friendly reform (Hay, 1977: 439). Of particular concern was that social provision did not undermine management prerogatives or competitiveness (Melling, 1991: 231).

A second important factor, and one which is more unique to British social policy development, or at least receives no attention in the literature on America, was the importance of business associations to social reform. It became clear to many employers by the end of the 19th Century that they themselves could no longer provide or coordinate welfare services alone. The centralisation of state welfare measures meant not only an important loss of control over employees, but also that employers had to devise better methods of collective, centralised, representation and negotiation. A more powerful central state, not to mention a more powerful trade union movement, encouraged employers to organise collectively. These early associations attempted, amongst other things, to ensure that social reforms did not undermine the interests of employers, and this they did well, according to Melling (1991:241-24), on the local level. What they did not do, however, is manage to effectively challenge the central state.

Business associations fulfilled another role according to Melling (1991: 234) in that they were able to see some merit in limited welfare reforms, and they succeeded in winning over some sceptical employers to these arguments. There is also some evidence for pro-active support for welfare reform from some business associations. A number of Chambers, according to Hay (1977: 442-4) actively supported social security provision, for example, though the rationale behind this owed more to the desire of employers to control worker militancy whilst helping shape reforms in the interests of business – maintaining the distinction between deserving and undeserving poor in particular.

The most pro-active support for reforms is reported to have come from the Birmingham Chambers of Commerce which, around 1905, mounted a campaign for a German style insurance system and advocated the setting up of labour registries (Hay, 1977: 444). In contrast to the general model provided by state-centred theorists, such plans were:

> well in advance of expert opinion at the time. William Beveridge . . . still regarded Labour Exchanges in 1905 as peripheral to the process of labour organization (Hay, 1977: 446).

When such exchanges were eventually introduced in 1909 they closely mirrored the Birmingham proposals according to Hay (1977: 448). Hay also maintains that the Birmingham Chambers persuaded the Association of Chambers of Commerce to adopt a plan for national insurance officially during its 1907 Conference. As a sign of its support towards NI, a copy of the resolution was also sent to the Prime Minister during the same year (Hay, 1977: 449). Despite this, however, there are signs that the business community looked on the final Bill in 1911 less favourably as it became clear that they would not only have to contribute towards the scheme, but that a greater burden would fall on those industries with the largest number of employees rather than those that made most profits. In response to these concerns employers put forwards several amendments to the Bill, many of which were eventually adopted (Hay, 1977: 452-4, 1978:119).

On the question of NI reform, however, the state was less interested in the views of industrialists, according to De Swaan (1988: 196), and more interested in the views of the Friendly Societies, commercial insurance interests and the medical profession.

Both industrialists and labour are argued by De Swaan (1988:186) to have accepted this arrangement relatively passively. Contrary to Hay, De Swaan (1988:197) agues that:

> British national insurance began as a government initiative with labor support, bypassing employers as much as possible.

Only later did it become

> a tripartite enterprise, as large-scale employers were persuaded to support legislation (De Swaan, 1988:197).

This concurs roughly with Rogers' (1991) reading of events. He cites Sir Allan Smith MP who, when sponsoring the 1920 Unemployment Insurance Bill, asserted that 'I do not think there is a single employer in the country who denies that provision ought to be made for unemployment ...... in the way of compensation.' (Rodgers, 1991:334). Although the National Confederation of Employers Organisations (NCEO) advocated expansion in unemployment insurance provision in the 1920s, however, Rodgers argues that, by the late 1920s, it had begun to oppose government interference in employment markets.

This growing opposition from employers during the 1920s was, according to Rodgers (1991: 334) not so much directed towards NI, however, but towards other forms of welfare provision. Whilst it was largely supportive of NI, for example, the NCEO argued in 1925 that

> There is a definite limit to the amount of money which any country can afford to spend in the providing of Social Services. The purpose of the Statement is to show that the cost of these Services is more than the industry of this country can continue to bear and immeasurably greater than that which the industry of any other country is called upon to bear; that the existing cost of the Health Insurance Service is out of perspective in relation to the cost of the other Social Services; that the existing system of Health insurance is over-financed, and that an immediate and substantial reduction in the present rate of . . . . contributions can be effective (submitted to the Royal Commission on Health Insurance, 1925, cited in Rodgers, 1991: 332)

The Federation of British Industry, on the other hand, is said to have continued to advocate greater state involvement in post-war economic reconstruction, acknowledging the need to improve job security and provide adequate maintenance for the unemployed (Rodgers, 1991:416).

Such divisions as these applied to a range of reforms. The NCEO, for example, opposed the 1930 Education Bill, which sought to raise the school leaving age and widen access to secondary education. It managed to convince the Government, according to Rogers, that any raising of the school leaving age beyond fourteen would interfere with the supply of juvenile labour, increase the costs on manufacturing industry, and therefore increase unemployment (Rodgers, 1991: 336). Hay (1977: 442), on the other hand, argued that business had tended to support increased educational provision since it would increase future competitiveness. Here again there are key divisions between the strategies and needs of different employment sectors.

In accounting for the development of British welfare provision it important to distinguish between pre and post 2nd World War. The War itself created new opportunities for increased state involvement in social policy, not least because business interests were undermined. As already outlined in Chapter 2, major wars tend to ease structural pressures since the threat of dis-investment subsides as the state takes control over more and more resources. In addition to this, opposition by major interests, including employers, are more easily sidelined or ignored. Faced with a lack of control over economic resources, and uncertainty of the future, capital was not in a position to assert its will over government. Perhaps these factors go some way to explaining the development of state welfare in the aftermath of the War.

Opposition from employers to the Beveridge Report was argued by Hay (1978b: 48) to have been minimal. Indeed, according to a poll conducted by the British Institute for Public Opinion after the publication of the Beveridge Report, a large majority of employers (73%) actually favoured its adoption. Although stating that services should be directly related to industrial performance, the NCEO, for example, gave the Beveridge plans qualified support (Hay, 1978b: 48), providing that the state, and not the unions, run the schemes. The government ignored the demands of both the NCEO and the British Employers Confederation that more time be given to a consideration of the report (Hay, 1978b: 50; Harris, 1997: 408).

Other industrialists, meanwhile, are said to have not only tolerated the reforms, but actively encouraged them. Hay (1978b: 50-1) reports, for example, that during the middle years of the war a group of 120 industrialists put forward proposals for a range of reforms: a minimum wage, sickness and disability allowances, paid holidays, family allowances, state pensions, affordable housing, and an extended school leaving age. Commenting on this same report, Timmins (1996: 40) argues that it represented a common underlying move towards more active welfare policies though it should be noted that these same proposals asked for generous government subsidies to industry.

Moreover, larger firms such as those who put forward the proposals could easily transfer or bear the costs of social reform (De Swaan, 1988: 171).

In focusing on the views of business towards social policy, however, an important distinction has to be made between publicly stated objectives and private reservations. Whilst, in public, business responses to Beveridge were relatively positive, in private they were more critical. The British Employers Confederation (BEC) and the Shipbuilders Employers Federation (SEF), for example, stated respectively that:

> I want to say here - it will go on the shorthand note, but I do not know that I want to say it publicly - we did not start this war with Germany in order to improve our social services; the war was forced upon us by Germany and we entered it to preserve our freedom . . . (Sir John Forbes Watson, Director of the British Employers Confederation, speaking in response to the Beveridge Report, cited in Addison, 1977: 214).

> I am saying something I would not like printed - there may have been excellent reasons in the last war for talking about homes fit for heroes and there may be excellent reasons today for talking about improving the social services, but at the same time any of us who are trying to think at all do realize and do appreciate the problems after the war are not problems that the man in the street concerns himself about, and you may be causing a much greater degree of danger by telling him something which in fact even the most optimistic of us may fear will be impossible after the war. (J.S. Boyd, vice-president of the Shipbuilding Employers' Federation in response to Beveridge - cited in Addison, 1977: 214).

The fact that both responses were made 'off-the-record' gives some indication of the general popularity of the Beveridge plan within the wider population, and even, if other responses are taken at face value, within parts of the business community itself. These mixed messages, however, have again led to mixed interpretations of the position of business on welfare reforms. Despite the negative private comments made by the Director of the SEF, for example, Hay (1978b: 51) argues that 'the Shipping Federation widely endorsed the Beveridge plan'.

Perhaps the key to understanding business responses to Beveridge is to understand the impact reforms would have on them. The insurance companies, for example, were said to initially favour the extension of unemployment insurance provided they could carry on selling their own policies and even manage the scheme (Harris, 1997: 407). This support did begin to wane later, however, as the number of insurance policies being taken out privately fell rapidly as the introduction of the state scheme became imminent (ibid: 418). For industry, the issue was not so much the introduction of welfare benefits and provision, but the relative burdens they would place on British firms compared to their competitors (ibid.). If the burdens were similar to those of its major competitors British industry had little to fear from welfare provision since the costs could be passed onto workers and consumers. If, on the other hand, they were greater, businesses in the UK would become relatively less competitive whilst profits might also fall. It was the latter scenario that business feared most.

This then summarises the position of British business in relation to welfare reform up to the second World War. As already mentioned, the British case bears a great deal of resemblance to the American New Deal. Both illustrate a number of common themes: 1) division within the business community based particularly on size and sector; 2) changing business perspectives over time according to costs (and where they would fall), and the actions of labour and the state; 3) the importance of the economy to the acceptance of reform by business; and 4) some evidence of initial opposition from business towards social reforms followed by grudging acceptance once it had been introduced.

3.4 CONCLUSION

This literature review has again highlighted the lack of research on the role of business in (especially British) welfare development during the early part of the century. It has also revealed some interesting parallels between the accounts of the role of business in the development of the US and UK welfare states. In light of this it has revealed two important areas which are directly relevant to this thesis. First, it has helped shed light on changing business attitudes with regard to social policy, both over time, and between forms of social policy. Particularly important in determining attitudes, it would appear, is the trade cycle and profitability. Opinions change according to the political and economic context – though these shifts in opinion are not uni-directional – both positive and negative shifts in business opinion are evident. Not surprisingly, proposals that were less redistributive attracted greater support, or at least attracted least condemnation. Taken as a whole, the evidence appears to support Therborn's findings that business tends to favour particular types of welfare provision, but that it does so only when it becomes clear that businesses themselves are unable to make provisions through occupational schemes. There would certainly appear to be a direct link between business support of social policies, and economic conditions, the strength of labour, and the potential impact of provision on profitability and competitiveness. It has to be borne in mind, however, that the examples given here are historically specific. The evidence suggests that business opinion changes according to current levels of provision: hence business support or opposition is likely to be very different if it is against a background of current minimal levels of provision, or if welfare provision is already extensive. The signs are also that business opposition is usually more intense during the policy initiation and implementation stage, and dies down once provision is introduced (this may reflect business' bargaining position, or the fact that welfare provision was actually less harmful to its interests than it anticipated).

Second, the literature review has also highlighted the different mechanisms of influence on social policy. It is clear that neither the American or British governments disregarded business opinion in developing and implementing social policies - though it would appear that winning business support was more important in the American case. The involvement of key business persons on the committees that participated in the development of many aspects of the New Deal, including their membership of the advisory committee of the Social Security Act, was clearly an important route for capital to exercise its agency power in America. In Britain, on the other hand, the contribution to committees was much less formalised and depended more on direct representation to officials.

Structural power also played a part in early welfare reforms. Whilst more emphasis has been placed on structural power in the US, both governments were subject to, and liberated from, similar structural pressures at key moments, though the American New Deal was a more coordinated approach to economic crisis where Britain's response to recession in the 1930s was more minimalist. Both had to assist business through difficult economic periods. Structural power was also reduced by the decline of the threat of exit. This threat subsided in both countries as economic hardship hit them (reducing business investments anyway), and as the opportunities for exit were reduced by the changing polity in the US and, later in Britain in particular, by the onset of the Second World War.

Whilst this chapter has revealed some useful findings regarding business and social policy it is appropriate to repeat that very little work has been carried out in this area, and that such work has tended to focus on a narrow range of social policies, mainly transfer payments. Little attention has been paid to the other areas of social policy such as health care, education and training, or housing. If the focus had been extended to these areas the conclusions of many of the studies may well have been different. Having said this, however, it is useful to extrapolate from this historical review lessons regarding the contemporary picture. If this has provided an accurate representation of business and social policy we might expect the following. First, business interest and opinion will tend to change over time in response to different economic and political contexts. The mixed economic fortunes of the 1980s and 1990s would be expected to have some impact on business' interests in and views towards social policy. Second, given this level of interest, we might expect different forms of business participation in social policy, ranging from lobbying to participation in government committees, though the favoured form will depend largely on the state. Third, business' interest in social policy will be awakened by the extent to which social policy impacts on competitiveness. Whether or not it is interested in social policy, however, and the manner in which this interest manifests itself, will be expected to change according to the type of business and the business sector in question (though this is something that cannot be considered in any great detail in this thesis).

4. BUSINESS ASSOCIATIONS IN THE UK

4.1 INTRODUCTION

The aim of this chapter is to briefly review literature relating to the main business interest associations (BIAs) in the UK: the Confederation of British Industry, the Chambers of Commerce and the Institute of Directors. In so doing it prepares the ground for the empirical section of the thesis.

BIAs coordinate their activities at three different levels - at the peak level, by sector and at the local level. Peak level associations incorporate a national membership of firms of different sizes, originating from a range of different sectors, as well as smaller business associations. They tend to be the most influential of business organisations since they represent such a broad opinion of the business community (Offe and Wiesenthal, 1985). Britain's only real peak association is the Confederation of British Industry (CBI). Both the Institute of Directors (IoD) and the Association of British Chambers of Commerce (ABCC) are really too small and unrepresentative of business opinion as a whole to warrant this label.

Sectoral organisations, representing bands of business types, include such organisations as the Association of Master Builders (AMB), the Association of British Insurers (ABI), and the Engineering Employers Federation (EEF). These represent a much narrower membership than other associations, which is drawn from particular business sectors. Since they do not feature in the other sections of the thesis, sectoral organisations are not discussed any further here. Local associations include the various Chambers of Commerce, as well as the regional branches of the CBI and both feature in this review.

The Chambers of Commerce

The UK Chambers of Commerce are regionally based associations, representing firms of various sizes and within various sectors, though relying more heavily on small to medium sized firms (Stewart, 1984). The funding is obtained largely from membership subscriptions, though many Chambers raise money from other sources such as services, including those contracted with government, whilst some receive direct private sponsorship (Bennett, 1996:258). Although the local Chambers have a national body to which they may affiliate – the Association of the British Chambers of Commerce (ABCC) – the majority choose not to become members (Bennett, 1996:265). The ABCC is therefore a relatively weak organisation and one that only moderately constrains local Chamber autonomy (Stewart, 1984:1).

In terms of their membership, the majority of Chambers (76%) have less than 100 members, 86% have less than 500 members, whilst just 4.7% have 1,000 members or more (Bennett, 1996). The size of the individual organisations is, according to Bennett (1996:259), an important determinant of their activities. The largest Chambers tend to engage in lobbying and provide a whole range of commercial services on behalf of their members. The smallest tend to do no more than maintain membership lists, publish newsletters and hold infrequent meetings. Chamber members appear to value such services above political activity, however. The most highly prized benefit to members was local networking opportunities (ibid.). It is likely, therefore, that if companies want to promote the political voice of business they would join other more prominent organisations such as the CBI.

A combination of low expectations from its membership and poor resourcing (in terms of cash, staff and expertise) have meant that the Chambers are viewed as politically weak (Stewart, 1984). A number of factors have emerged since the early 1980s, however, to increase the influence of the various local Chambers. Most importantly, the Conservative Government has sought to encourage local business involvement, including Chamber involvement, in local decision making especially regarding local tax and spending decisions (Stewart, 1984: 4). The result is that local Chambers are now involved, along with other business representation, in spending decisions, in various committees and working groups, and in annual meetings and conferences (ibid). In response to this shift, informal and formal contact between local authorities and local Chambers has increased significantly (King, 1983).

Whilst King (1983) concludes from this that the opportunities for influence have increased for the Chambers, however, available evidence is patchy and mixed. In his study of their involvement in local affairs, for example, Stewart (1984), found that influence depended largely on the attitudes of local councils. Influence was greatest for those located in areas where local authorities put in place consultation structures (Stewart, 1984:26). For the most part, however, exchange was often of a symbolic nature, with involvement in council decision-making rare. Informal exchange was found to be important, however, with councils exchanging information and views with the local Chambers on a daily basis. Most importantly, direct involvement in policy making was rare (Stewart, 1984:26). The reason for this was not due entirely to the local authority, however, but unfamiliarity with issues and council procedures. The

ABCC, even for those affiliated members, was found to offer little assistance in this (Stewart, 1984).

Evidence on the power and influence of the local Chambers is really too patchy to allow any firm conclusions to emerge here. Despite this, it would appear that opportunities for influence increased over the 1980s and 1990s. Central government has done a great deal to encourage or even force greater local government consultation with business and involvement in service delivery and this is likely to have increased the participation of the Chambers in policy making since the studies by Stewart and King. The following chapter will discuss these issues in more detail.

The Institute of Directors

The Institute of Directors (IoD) is given only brief attention here since, unlike the Chambers of Commerce and the CBI, the IoD is not examined at length in the empirical section of the thesis. Whilst the IoD organises at a national level it neither draws its members from other trade associations, nor from corporations, but from individual business people themselves. Because of this, the IoD claims to be in a better position to represent business interests as a whole than other organisations due to its more representative membership drawn from both large and small firms from all business sectors. In 1991 its total membership was around 48,000 (IoD, 1991: Foreword).

Although it is generally accepted by academic and political commentators alike that the influence and stature of the IoD has increased since the 1980s, virtually no research has been carried out on the organisation. A major study of the IoD has yet to be conducted, and those academic works that have made claims about the increased influence of the Institute, mainly in relation to the CBI, have tended to be non-specific about the nature of this increased influence.[8] Wilson's comparative study of business is a case in point. Although he states that 'in recent years, the CBI has been losing ground to the Institute of Directors' (1990:82), he fails to devote more than one sentence to it in his essay on business influence in the UK. Even Grant, in one of the most authoritative studies of UK government-business relations carried out in the UK, fails to devote more than one page to the organisation (Grant, 1987).

On the whole, therefore, the IoD has attracted very little real academic interest, and continues to take a back seat to the CBI as far as studies into business associations

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[8] The best attempt to do this can be found in Chapter 10 of Middlemass, 1991.

are concerned, but for good reason. Despite its higher profile in recent years, the IoD remains a relatively disparate and secret organisation, and one for whom influence has tended to be even more sporadic and variable than other business associations. Its increased influence over the 1980s clearly owed more to the particular sympathies of the Thatcher government than its organisational strength, a fact that is borne out by its lack of influence before 1979 (Wilson, 1990: 82, 181). Indeed, there has been a noticeable decline in the profile of the IoD since the Labour Government came to power in 1997 compared with the CBI and other voices of business. The Institute perhaps owes much of its influence during the Conservative period of office to the fact that is was a more loyal supporter of the Government than most other BIAs, most notably the CBI. In own policies closely mirror those of the New Right (Boswell, 1997: 157). With the demise of the Thatcher Government, however, the influence of the IoD showed signs of waning, though again it is difficult to find evidence to support or refute this. What is clear is that the IoD is of less importance in relation to the political arena than the Confederation of British Industry and it is to this association that the discussion now turns.

The Confederation of British Industry

The CBI was formed in 1965 from an amalgamation of the Federation of British Industries, the British Employers' Confederation and the National Association of British Manufacturers. It has a number of permanent employees, based at its national headquarters in London and in its regional branches dotted around the UK. It is a peak association, so-called because it draws its membership from a national, multi-sectoral body - as opposed to a specialist trade association or a geographically tied association. In terms of its membership, the CBI claimed to represent more than 250,000 companies from all business sectors and more than 200 trade associations in 1999.[9] Although most of its members are based within the industrial sector, a significant number originate within the commercial, and retail sectors. Of its total membership, 2,500 business persons were involved in its committees in 1993 (Grant, 1993: 110).

The structure of the CBI consists of its President, a Director General, and a Council which is made up of some four hundred members drawn from individual firms of varying sizes. These firms are chosen to reflect the CBI's membership, originating from different sectors and locations. Whilst it has the power to establish policy, the

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[9] Figures downloaded from the CBI's web page 'About the CBI', 12[th] November 1998. http://www.cbi.org.uk/cbi/htdocs/standard/info_on_cbi/voice.html

Council's ability to do this is reduced by the power of the President and Director General, and by the fact that it is too large to carry out the detailed formulation of policy. Its main role, therefore, is to scrutinise and debate policy proposals, the majority of which originate in the CBI's committees.

As well as its central organisation, the CBI also has many local branches which elect 13 Regional Councils. These Councils, in turn, make representation to the national organisation concerning local interests, and develop strategies for lobbying local government.

I turn now to the question of the influence of the CBI. A common theme running through past studies on the CBI have tended to conclude that the CBI is altogether a weak and ineffectual organisation. Coates (1984: 75) captures the essence and the significance of such arguments when he states that:

> It often comes as a surprise . . . particularly to those of a left-wing persuasion, to find that the CBI . . . is relatively ineffective in shaping government policy - even under a Conservative Government - and that its greatest successes tend to occur on the detail of legislation rather than on its general thrust.

This view of the CBI owes a great deal to work carried out on the CBI by Wyn Grant. Grant's research into the relationship between business and politics has continued since the publication in 1977, with David Marsh, of the only book to have been written on the CBI to date. As can be seen from the following passages, the conclusions of those studies have changed very little over the years.

> the CBI has had relatively little impact on the major issues which have dominated British politics since its formation (Grant & Marsh, 1977: 207)

> The CBI is a mixed association which organises both individual firms and trade associations and employers' organisations. Rather than offering the best of both worlds, this may be an unhappy compromise which constrains the organisation's effectiveness. . . . . the overall impression was of a rather cautious organisation constrained by the need to please as many of its members as possible in its policy pronouncements. (Grant 1993:111-116)

When Grant, and other commentators, discuss the weakness of the CBI they tend to highlight two key factors: first, the problems inherent within its organisational structure, and second, the varying potential for influence which is a result of the policies of central and local government. These are discussed in turn.

Part of the CBI's organisational weakness is argued to stem from its attempt to cover too many areas and represent too many interests, including many different sectors of business (Grant, 1987: 125). Coates concurs with this. According to him, attempting to defend a particular sector of capital often damages the interests of another (Coates, 1984: 77). According to Grant (1987) there has been a tendency for large firms to dominate the internal structures and committees of the CBI. Between 1965 and 1980, for example, seven of the top ten British companies held at least one senior position within the organisation (Grant, 1987: 86). In addition, divisions between industrial and financial capital have replicated themselves within the organisation of the CBI. The CBI has tended to accept the arguments of financial capital even at the expense of industrialists (Hutton, 1994: 41).

Essentially, though, the strength or weakness of organisations such as the CBI has a great deal to do with the government itself. Generally, the fact that the CBI represents the largest businesses has been enough to guarantee it good access to Ministers (Grant and Marsh, 1977: 112). Despite, this, however, it is generally argued that government has tended to be biased towards financial interests, and just as the CBI has tended to do, it has favoured these above the concerns of industrialists. The Bank of England, according to Leys (1989: 133-4), has been far more effective in representing the views of the City to the Treasury than the CBI has been at representing the views of the manufacturing sector (Leys, 1989: 133-4). These problems are likely to have been made worse by moves by the CBI since the early 1980s to attract more members from the financial sector in order to more accurately call itself a unified trade association (Moran, 1981:389).

The CBI was also consulted less than previously after the election of the Conservative Government in 1979. Previous corporatist arrangements which had given the CBI a voice in policy decisions which were established under the previous Labour Government, were tore up (Middlemass, 1991: 349-50).[10] The government's stance on

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10 This attitude was nowhere more clearly illustrated than in relation to the National Economic Development Council (NEDC). The Council was attended by the TUC and the CBI as the main representatives of labour and capital, and had met regularly with government officials since its establishment in the mid 1970s. With the election of the Thatcher Government, however, first the Prime Minister and then the Chancellor of the Exchequer stopped attending meetings, before the staff, and the number of meetings, of the NEDC were reduced. This stood as testament to the government's intention to erode corporatist-style structures.

corporatist arrangements were summarised by Lord Young in 1988 when he stated that:

> we have rejected the TUC; we have rejected the CBI. We do not see them coming back again. We gave up the corporate state. (cited in Grant, 1993: 31)

Whilst the CBI was reluctant to abandon previous corporatist style exchanges in the early 1980s, therefore, the Conservatives were wholly opposed to them. This, and the fact that the CBI failed to generate any real enthusiasm for the new politics of Thatcherism, increased its isolation (Boswell, 1997: 142-3, 152-155). An early strategy against this isolationism was a more public and aggressive opposition towards the Conservative Government than had been seen previously. The end result, however, was greater suspicion and hostility between the CBI and the Thatcher Government. Whilst the CBI threatened a 'bare-knuckle fight' with the Government in 1982 (which actually did more damage to the CBI in the end by creating internal divisions and resignations), Ministers looked for business support from other quarters (Boswell, 1997: 146; Middlemass, 1991: 349-51).

Despite the documented weakness of the CBI and the problems it experienced under the Conservatives, however, it began to take some positive steps to increase its organisational strength and influence from the mid 1970s. To begin with the CBI began to look more critically at its role and effectiveness as an organisation and at ways it might consolidate its strength. This shift was recognised at an early stage by David Marsh. Whilst arguing with Grant that the CBI had relatively little impact on UK politics up until 1974, for example, Marsh retrospectively stated that:

> there is no doubt that as the CBI became a more overtly political organisation after 1974, (and as a result) its political influence increased (Marsh & Locksley, 1983:42)

The CBI, according to Marsh and Locksley (1983), has increasingly employed more sophisticated lobbying techniques up until the time they were writing – going above the heads of ministers by appealing directly to the general public through the media. Important in this was the establishment of the CBI's high profile Annual Conference in 1977, which mirrors the format and style of the conferences of the main political parties (Marsh and Locksley, 1983). A greater use has also been made of press releases and investigative reports.

Changes have also taken place in the organisation of the CBI. Past studies which have identified the weaknesses of the CBI have mainly focused on the national level. The regional branches have previously been considered to be even weaker (Grant, 1993: 111). Mainly as a result of changes in government policies towards local authorities, however, the CBI has been presented with new opportunities to influence policy making. Tim May (1984) identified the beginnings of this process in the early 1980s in relation to local taxation. He illustrates how the regional branches of the CBI have increasingly employed new techniques of influence, including detailed assessments of local spending in order to provide comparative information which then could be used to persuade local authorities to make spending cuts. Such exercises themselves had the effect of establishing stronger links between representatives of the CBI and local Councils according to May (1984: 35-6). Moreover, this initial interest in local rates has been widened to include the functioning of local government more generally (May, 1984: 34).

Perhaps more important than all of these changes in CBI structures, however, have been changes in government attitudes towards business associations since the demise of Thatcher. The Major Government, according to Bennett (1997), initiated a more positive attitude towards business associations from the early 1990s, with Michael Heseltine playing a key role in this. It is also revealing that Heseltine chose to publicise this new policy in a speech to the CBI in 1993. This change was perhaps due as much to the steady decline of the Conservative Party from the late 1980s and the need to re-establish itself with its natural constituency – business.

Overall, the evidence regarding the influence of CBI is mixed. It is important to bear in mind, however, for all the criticisms levelled at it, that the CBI holds some real advantages over other organisations such as the IoD and the CoC. Compared with these, Grant (1987:129) maintains, the CBI is both better funded, employs a greater number of staff, and cannot be matched in terms of its 'expertise and coverage of issues' (ibid.). Even before the election of Major, the CBI was, according to Wilson, 1990: 72) widely recognised as the authoritative voice of big business by 'top bureaucrats and government ministers'.

The literature on the CBI, therefore, is both confusing and contradictory. Perhaps the reason for this is the extremely complex and changeable nature of business power and influence already outlined in Chapter 2. This emphasises still further the importance of a fresh and open assessment of the position and potential influence of the CBI on social policy.

4.2 THE ORGANISATION OF FINANCE CAPITAL

Financial capital in the UK is said to have dominated other capitalist interests for much of the period since the industrial revolution (Longstreth, 1979; Ingham, 1984). In terms of its formal organisation, financial capital is dominated by many small trade-specific associations. The primary reason for this according to Moran (1981) is that, unlike the industrial sector, the financial sector has not had to develop organisations in order to counter strong labour unions. Where they have developed financial associations have tended to be more informal and disorganised than their industrial counterparts (Moran, 1981). Unlike the industrial sector, however, financial capital has a strong ally in the state – the Bank of England. The Bank is said to provide for financial capital, 'a highly effective instrument for communicating its ideas to government' (Moran, 1981:384).

The position of financial capital as banker to the industrial sector, its increasing mobility in international markets, and its relatively favoured position in the UK historically are all factors that have placed financial interests above those of industrial capital. Both governments and industrial capitalists have defended policies which favour financial interests and may be detrimental to industrial interests. An example of this, already touched upon above, was the CBI's defence of the anti-inflationary policies in the 1980s which created extreme hardship for many members of the organisation.[11] Unfortunately, however, space does not allow for a more comprehensive review of the power and influence of financial capital within this thesis.

4.3 CONCLUSION

This brief chapter has reviewed a relatively sparse literature on the main business associations in the UK. Despite the lack of literature on which to draw, the chapter does hold some important lessons for the thesis. To begin with, it provides an indication of the relative and changing influence of business associations over the 1979-96 period. The CBI enjoyed less access to government and was consulted less after the election of the Conservatives in 1979 than under the previous Labour Government. However, a more favourable response from central government in the 1990s, together with improvements to its organisational structure, has increased the added to the influence of the CBI. The IoD and, to a lesser extent, the CoC, made

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[11] though its largest members undoubtedly favoured the policy on the grounds of longer term stability, particularly since their ability to survive short term hardship was that much higher than smaller competitor firms.

some important gains in terms of their relative influence. This change in fortunes was due to a number of factors: the decline of corporatism which had tended to favour the CBI above other business associations, the stance of the early Conservative Governments and the support lent to the Government by the IoD. The CBI was caught in a particularly difficult position, it having some sympathy with the thrust of government policies, though at the same time trying to defend many of its members who were suffering as a result of them. The fact that many of its members were loyal Conservatives did not help.

The second important lesson is that the evidence on each of the main business associations appears to bear out some of the claims of the previous chapter. As well as revealing some important mechanisms of influence (direct institutional participation, lobbying, and linkages with the state) it also reveals the key role that the state has in determining policy access points for business associations. Access to the executive for the CBI declined, in relative terms, whilst increasing somewhat for other associations such as the IoD and the CoC. Most importantly, new openings have been created by the state for both the Chambers and the CBI at the local level. These policies had a clear impact on the organisations themselves. The CBI, it would appear, has attempted to change its strategy to gain more influence. It has adapted by making improvements to its approach to lobbying – improving tactics at the national level and placing more emphasis on the contribution of its local branches. The Chambers have also become more geared towards partnership working with local authorities.

The implications that these changes at the level of the CBI and Chambers of Commerce, as well as changes in the national and local state, have for the relationship between business and social policy are examined in more detail in the empirical chapters.

5. THE CONTEMPORARY PICTURE: BUSINESS AND SOCIAL POLICY IN THE UK TODAY

5.1 INTRODUCTION

Paradoxically, less is known of the contemporary picture regarding the interest and influence of business on social policy development and delivery than is the case historically. Where attention has focused on social policy, by far the most interest has been shown in the involvement of business in education and training. In other areas, notably social security and housing, very little contemporary work has been carried out. Despite this, an attempt is made here to draw together relevant literature that provides indications of business interest in and influence over state social policy and occupational welfare. The aim is to identify those shifts in social policy that, in some way, impact on or involve business. The literature will be selected and reviewed according to how far it increases our awareness or understanding of how far social policy is driven by: 1) the perceived needs of business, 2) direct business pressure on policy making, or 3) business involvement in social policy. The main areas of social policy – education and training, housing, social security and occupational welfare – are dealt with separately. Before reviewing literature relating to business and business influence, however, it is important to consider the key changes in social policy over the 1980s and 1990s.

5.2 SYNOPSIS OF CHANGES IN SOCIAL POLICY SINCE 1979

The social policy objectives of the post-1979 Conservative Government can be outlined as follows: first, to reduce the size and duties of the state, second, to reduce state social expenditure, third, in order to achieve these objectives, to exert greater control over state welfare institutions. The following section outlines how the government attempted to realise these objectives.

Given the neo-liberal ideological stance of the 1979 Conservative Government and the difficulties involved in attempting to cut expenditure in many areas of social policy, the Government developed several lines of attack in relation to the various parts of the welfare state. Cuts were certainly made where possible, most markedly in social security benefits and capital expenditure on housing. Cuts were easiest in these two key areas since central government set the criteria governing eligibility and increases in relation to the first and capital expenditure and subsidies to local authority revenue accounts in relation to the second. In other areas of social policy, however, the government had first to wrestle control over expenditure that had previously been determined at the local and individual service level. Greater control over both the services themselves and over local authorities were only achieved in the second and third terms of the Thatcher Government, when a whole range of policies were introduced which prised the grip of local authorities from various services through various mechanisms: budgetary devolution, the removal of local government autonomy and responsibility for services, and the introduction of competition in many areas (Glennerster et al 1991: 412-3). Such changes were as much about future cost-cutting than immediate savings, facilitating cuts through, what Paul Pierson (1996: 6) refers to as systemic retrenchment.

According to the neo-liberal or New Right perspective, the economic and social policies that underpinned the post war consensus in the UK, had undermined competitiveness, and in particular, the operation of labour markets. Universalism, unionisation and state interference in the workplace (in particular wage-regulation) were argued to stifle competitiveness. Business, if left to prosper, it was argued, would bring social and economic rewards that governments were incapable of delivering. Whilst this strategy may have been an ideal for the Conservative Government, expediency and realism meant that an alternative 'second-best' strategy had to be developed. From the mid 1980s in particular a greater emphasis was placed on reforming state services rather than simply 'rolling back the state' (Taylor-Gooby, 1993). This new strategy involved the imposition of a new agenda which incorporated new ways of managing services. Greater emphasis was placed on what Taylor-Gooby terms a 'new managerialism' (1993: 2) that emphasised decentralisation, a greater use of market mechanisms and a greater responsiveness to 'consumers'. The literature review below reveals that business was important to the introduction of these changes for three reasons: first it was a consumer of the 'products' of certain services (e.g. education and training); second, it was used as a justification for policy change; and third, business was directly recruited in order to facilitate changes, primarily through its increased role in welfare services. Before looking more closely at the role played by business in this process it is important to consider trends in expenditure and taxation, and changes in the nature of the British state.

Expenditure and taxation

The first objective of the Conservative Government was to cut general and welfare expenditure. As Table 3 reveals, however, total welfare expenditure (spending on education, health, housing, personal social services and social security) has not been cut significantly over the past twenty years. Indeed, spending in 1995/6 was actually slightly higher, at 25.8% of GDP than it was in 1979. Looking over the period reveals that expenditure was stable at around 24 percent of GDP with one or two glitches relating mainly to the economic cycle. The Conservative period of office, therefore, did not herald a period of major welfare spending cuts, though the rate of growth in expenditure that had occurred since the end of Second World War was slowed down dramatically and attempts to cut spending were, for various reasons, more successful in some areas than others.

Table 3 Public expenditure on the welfare state

	1979/0	1982/3	1985/6	1988/9	1991/2	1994/5	1995/6
Total Welfare Expenditure (% of National Income)	**23.3**	**24.7**	**23.9**	**21.8**	**24.7**	**26.1**	**25.8**
Composition of welfare spending (% of total)							
Education	22.5	22.0	20.5	21.3	20.6	19.9	19.8
Health	19.3	20.8	20.4	22.3	22.1	22.6	22.3
Housing	11.9	5.5	4.7	4.3	4.2	2.6	2.1
Housing Benefits	2.1	3.8	4.2	4.0	5.3	6.5	6.7
Social Security	40.4	44.2	46.2	43.9	43.4	44.1	44.3
Personal Social Services	3.7	3.8	4.1	4.2	4.3	4.5	4.8

The fact that the Conservatives' period in office did not result in major expenditure cuts in welfare is at odds with New Right ideology and objectives, and has received a great deal of attention in social policy literature. It is useful here to outline the most important of these explanations, in so far as they appear relevant to the themes of the thesis. It is important to state first that although in volume terms spending did not fall, there was a major restructuring of expenditure. Spending on education and training fell, for example, as a percentage of total welfare spending, as did, rather more dramatically, spending on housing. Spending on personal social services remained low at around 4% whilst health expenditure made up just over 22% compared with its 1979/80 of just over 19%. Social security and housing benefits increased significantly, however. The latter increased from 2.1% in 1979/80 to 6.7% in 1995/6 and the former increased from 40.4% in 1979/80 to 44.3% in 1995/6. The most important explanations of these trends include: 1) increasing demands on welfare, 2) a lack of direct control over spending decisions and welfare costs, and 3) societal and institutional opinion. These are dealt with in turn.

First, growing demands on certain areas of social policy were inevitable given increased demand for those services. Part of this increased demand can be directly linked to the consequences of Conservative policies, such as the increase in unemployment and subsequent rise in social security expenditure, as well as the expansion in post-compulsory education. Other increases in demand were largely beyond the control of Government, and were caused by factors such as demographic changes or growing demands on the health service. Attempts were nonetheless made to control each of these areas of expenditure in a variety of ways as will be illustrated later.

A second explanation for expenditure trends over the period is that central government had very little control over some areas of spending. Many spending decisions were taken by other agents such as local authorities, and the government had very few controls over them before 1979. Indeed, local authorities used these lack of controls in order to protect or increase services such as education and housing (Glennerster et al, 1991: 403-7). The response of central government was to exert greater controls first over spending, second over taxation and third over services themselves. These moves are detailed below. It is in light of this that changes in local taxation and spending, as well as greater control over the management of services, have to be seen (Ibid: 412-3; for a more comprehensive account of the exertion of controls over local authorities see Butcher, 1995: Ch. 6).

Third, as Brook et al (1996, 1998) show, certain aspects of the welfare state are very popular amongst the electorate and this has prevented wholesale (visible) spending cuts. Indeed major public support of a particular service is identified by Pierson (1994: 18, 127, 165) to be one of the defining features of those social policies that escaped severe cuts. Health would fit the description here, though the popularity of educational spending has proved to be less effective in defending spending levels.

We cannot separate spending from taxation, of course, and cuts in both were ideologically driven. In the area of taxation the objectives were to cut and restructure its incidence. With regard to taxation cuts they have been only partially successful (depending whether we are discussing top or average rates, or are discussing rates or volume) but have been more successful in redefining UK taxation. Sandford summarises the justification for these changes.

> tax reform reflected a change in economic philosophy. . . . It was part of a wider movement to push back the boundaries of the state and revert to free markets (Sandford, cited in Kvist and Sinfield, 1997: 250).

Whilst the actual volume of taxation raised in the UK has increased since the 1970s, the burden of taxation has shifted from the most wealthy to the less wealthy as income tax has been cut (in all bands, but particularly for higher earners[12]) and the shortfall has been made up with increases in national insurance (increased from 9 to 11%) and VAT (more than doubled from 8 to 17.5%) (Steinmo, 1993).

The tax system has also been used to encourage private provision, most notably private pensions. Whilst taxation was widened to cover a limited number of state benefits over the 1980s, the amounts given in tax relief to those with occupational pensions increased from £1.2 billion in 1978/9 to over £5 billion in 1994/5. Tax relief on private pensions increased from £275 million to £1.6 billion over the same period (Kvist and Sinfield, 1997: 254).

Corporatism, local authorities and the rise of the 'company state'

If spending and welfare services were to be brought under control, changes would have to be introduced in the management of state services themselves. Perhaps the most important change since 1979 has been changes in the nature of the state. The experiment in the 1960s and 70s with corporatism has ended. The Thatcher Government viewed corporatism (tripartite negotiations between state, business and labour) with a great deal of suspicion and negativity (Grant, 1993: 31-32). Indeed, it was the breakdown in these structures that partially closed the door to the CBI in the early 1980s (as outlined in Chapter 2) and slammed the door to its labour counterparts (Grant, 1987: 17). Although national level tripartite negotiations all but disappeared in the 1980s, commentators such as Grant (1987) and Cawson (1985) have maintained that this has given way to new meso-corporatist arrangements in certain areas, the most important being training. This new corporatism, however, was no longer tripartite but dualist – with business associations assuming an increasingly powerful role whilst

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[12] The lower rate of taxation had been reduced from 25% to 20% between 1979 and 1996. The Basic rate fell from 33% to 24%, and the top rate from 83% to 40%.

labour was effectively squeezed out of the picture (Grant, 1987: 159; Bonnett, 1985: 95-6). Changes since the mid 1980s in particular reduced the role of organised business and shifted responsibility towards unorganised business[13] (Grant, 1987: 204-5). Corporatism gave way to meso-corporatism, which then gave way to what Grant (1993: 163) terms the 'company state' where negotiations no longer incorporated the representatives of business but individual companies. Formal negotiations gave way to informal negotiations. Labour, meanwhile, was squeezed out of the picture altogether. This notion of the 'company state' describes policy shifts in the management and provision of services at the local level. At the national level the demise of corporatist negotiations excluded parts of business from decision making and effectively forced business to rely on more formalised lobbying techniques if it was to influence state decisions. At the local level, however, the story was quite different.

Local government underwent a number of changes over the 1980s. Most important to this study was the introduction of a number of policies which effectively wrestled control over a whole range of social policies from local authorities. To begin with, central government exerted greater controls over taxation and spending levels. Measures to achieve this included: penalties for authorities which exceeded centrally set spending limits, the establishment of nationally determined business Rates and the introduction of the Community Charge. The fact that business was one of the biggest contributors to local revenues, but had a relatively weak voice locally, was, according to Midwinter and Monaghan (1993:64) one of the biggest justifications for the introduction of changes in local taxation. May (1984) goes further than this by arguing that central government actually attempted to utilise opposition from business by encouraging it to apply direct pressure on local councils. Chapter 7 examines the role the CBI played in this.

Perhaps the biggest change in local government was the transfer of the management and responsibility for a whole range of local services away from elected authorities and towards business. A series of policies were introduced from 1988 which represented a more concerted effort not only to control spending and taxation, but also to control services. Indeed, one of the key reasons for the introduction of changes in the management of services was the failure of previous attempts to control spending (Butcher, 1995: Ch 6). In some cases, for example, City Technology Colleges, grant maintained schools and the new Health Trusts, local authority responsibility and

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[13] The gradual abolition of the duties of the Manpower Services Commissions since 1982, and the eventual replacement of the MSC with Training and Enterprise Councils in 1988 were important here.

involvement in services has been removed altogether. In others, such as Training and Enterprise Councils and even LEA schools, local authority involvement remains, but has been made entirely voluntary in the former case, and has been reduced in the latter. In all these services central government thought local authority involvement to be less and less important. Business involvement, on the other hand, has been viewed as increasingly important. In order to facilitate greater involvement a vast number of access points in local services have been created. Just as the move towards decentralisation gave welfare services increasing autonomy from local government, central government has assumed new responsibilities itself and, in addition, encouraged, or insisted on, increased business involvement. Even in areas where local authorities have retained control, such as LEA schools, local authorities have been forced to involve business much more in decision making. The scope for business influence has increased in a range of areas with local authorities being forced to consult and work with business on a range of issues ranging from local spending to local development. As Deakin and Edwards (1993:1) put it:

> The idea that 'inner city problems' . . . can be solved or even alleviated by targeting public resources into them . . . is now defunct. . . . Clearly, only the private sector could produce the jobs and economic buoyancy that the inner cities lacked, and equally self-evident was the superior drive, energy and effectiveness of a private sector increasingly fired by the enterprise culture.

Neither was it merely a case of incorporating business into local decision making and local policy solutions. From the 1990s the inclusion of business in partnerships with local authorities and other key actors was essential, from 1991, if local regions were to bid for redevelopment funds from Central Government (Coulson, 1997:34). This forced business and local authorities to work in cooperation with each other. Coulson recounts a situation in one city where:

> The initial impetus (for the partnership) came from the City Council and the Chamber of Commerce, which two years previously had barely been on speaking terms (ibid.).

It is important to view business, therefore, not just as reactive in this transition towards the company state, but as playing a role in this itself. Corporate involvement in local communities has become particularly important over the past 20 years or so, according to Moore and Richardson (1987). The relationship between business and local communities is sketched out by Moore and Richardson (1987: 6) as follows.

> Firms are as interested in goals of steady growth and stability as in profit maximisation and risk. These interests lead to an interdependency with government intervention in the market, and to the gradual involvement of business in community affairs which have no apparent <u>direct</u> link with business profits. Yet, in essence, this involvement is often defended in terms of self-interest.

This greater emphasis on corporate social responsibility gave rise to a number of organisations geared towards the promotion of business involvement within their localities. Business in the Community (BITC) was one such organisation. Its 1995 Annual Report gives a good indication of the expanding role of business in social projects.

> Traditionally, areas such as housing, education or health were seen as the responsibility of government. Businesses, if they made any contribution at all, tended to do little more than write cheques to needy charities. But with the rise of the free enterprise culture of the 1980s coinciding with the crisis of the modern welfare state and the fall of the communist one, there has been a growing conviction that such activities are also the preserve of business. . . . (BITC Annual Report for 1995)

The result of moves by the national government, local state and business has been an explosion, according to Peck and Tickell (1995a) of partnership fever which has fostered:

> a dense web of interconnected agencies, lobby groups and committees. In virtually all of them the voice of business is especially strong, and it is invariably businessmen who occupy the most powerful positions. Few are under any illusions about where the most powerful positions are located because, and this is widely recognized within the business community itself, there is a clear status hierarchy here. Revealingly, those with the highest status tend to share two characteristics: first, they are the organizations which have the greatest scope to determine and remake their own agenda; and second, they are the most male-dominated. (Peck and Tickell 1995a: 5-6)

A similar argument is put forward by Bassett (1996: 539).

> There seems general agreement that before the 1980s the influence of business on local politics was on the whole more indirect and more limited. . . This situation has certainly changed in the UK over the past decade, with new business elites becoming increasingly involved in urban policy-making, often through the widening network of partnership organisations which are to be found in many urban areas.

It would appear that the very process of recruiting business voice into these partnerships has itself created a new momentum towards still further involvement of business in areas that have been, for several decades at least, the domain of the state. Business has been invited to take a more active role in local problem solving, and this has given it new confidence to expand its own role in local communities.

The net result is that the voice of business has been increased in at least two ways: through direct representation, and through partnership working. The ways in which these moves have impacted on social policy are examined in more detail below.

5.3 BUSINESS AND STATE SOCIAL POLICIES

The focus now shifts to business influence on various social policies. The following sections review literature on education and training policy (beginning with schools), health and housing.

Schools

Three key themes can be extracted from the above discussion and used to structure this section: issues relating to competitiveness, issues relating to service cultures, and issues relating to control. These have provided the impetus to a number of initiatives and changes in school education and will be discussed in turn.

Business is crucial to an understanding of changes in school education policy. Even before the Conservative Government came to power it was widely acknowledged that poor schooling was contributing to Britain's lack of competitiveness; and since the mid 1970s there has been an ever greater emphasis on the need to match education to the needs of employers (Glennerster, 1990: 68; Hyland, 1991; Yeomans, :6; Timmins, 1996:234-5). Towards this end there has been a greater emphasis on vocational skills within schools (Proctor, 1987; Hyland, 1991). As Yeomans (1990) points out, periods of economic hardship (particularly of high unemployment) invariably lead to greater pressure on schools to pay more attention to the needs of industry and the economy more generally. In many ways, therefore, the perceived needs of business have been important in shaping education. If it is true that government responded to perceived needs rather than active business campaigns, we could argue that structural influences were more important than agency.

Questions relating to UK competitiveness have not been the only driver behind changes in school education policy, however. In common with other services, the government wanted to create cultural change in the management and delivery of school education. This has manifested itself in two important ways. First, there have been attempts to more closely gear education to the needs of consumers. Second, there have been attempts to inject the values of the private sector into schools. The policy responses that have stemmed from these concerns have been many and varied and are discussed in greater detail below.

The notion of the consumer has become particularly important in education and training services. In school education the most important consumer, alongside parents, is business. With regard to schooling, however, the emphasis has not been so much on the passive as the active consumer. The overriding objective has been to both increase school awareness of the needs of business, and to transfer some of the responsibility for the funding of schools to the private sector. This objective has manifested itself in efforts to create increased business involvement in schools: first through involvement in school management, and second through formal and informal business-school linkages. These developments are discussed more fully below.

The first move – to increase the role of educational consumers – has largely been at the expense of local authorities whose role has been transformed to a more minimal one or has been removed altogether. This process began with the 1980 Education Act which required that parents be incorporated into school governing bodies as elected members. This was later consolidated by the 1986 Education Act which, not only gave parents a majority presence, but also required that schools, 'in co-opting any person to be a member of the governing body . . . have regard to the extent to which they and the other governors are members of the local business community' (cited in Thody, 1989:142). The implications of these shifts are particularly important when the 1988 Education Reform Act is considered. This removed many of the powers and responsibilities of local authorities and shifted them to the Secretary of State for Education, and to schools themselves. The Bill, according to Kenneth Baker, then Secretary of State for Education, was designed to:

> create a new framework, which will raise standards, extend choice and produce a better-educated Britain (by) freeing schools and colleges to deliver the standards parents and employers want (Hansard 1.12.87 cmnd 771/2).

In addition, the 1988 Act prevented councils from setting limits on school enrolments below their physical capacity in order to facilitate competition between schools, and more importantly, enabled schools to 'opt-out' of local authority control altogether. The funding for such schools would come from a charge made on local authorities by the Department for Education and they would become semi-autonomous bodies, funded directly through grants provided by central government and channelled through the Funding Agency for Schools (FAS). The net effect of these changes, therefore, was to undermine local authorities and strengthen the voice of business in school management decisions, alongside parents and central government (the Secretary of State for Education assumed greater powers to determine appointments and curricula within schools under the 1988 Act).

Two comprehensive studies conducted at the end of the 1980s estimated that around one fifth of school governors are from industry or commerce, but that the numbers are generally higher in secondary rather than primary education (Keys and Fernadez, 1990; Thody, 1989). Thody (1989:143) found that just over half of 'business-representatives' were senior managers or employers. Business managers and employers made up the largest single identifiable group within her sample and, as a social group, were significantly over-represented when considerations of other social classes are taken into account (ibid.).

Perhaps the most ambitious attempt to get business more closely involved in school provision over recent years has been the City Technology College (CTC) initiative. CTCs would, it was argued when they were launched in 1986, establish 'centres of technological excellence' for 11-16 year olds which would place a greater emphasis on technological and vocational education (Margrave, 1994: 66). This time, however, business would be expected to do more than just get involved in their management, they would be expected to contribute directly towards their costs (ibid.). The outcome was less successful for government than anticipated, however. Evidence from the CTC experience reveals that a key barrier to business getting involved in educational services is the free-rider problem. Business will be generally unwilling to invest heavily in any one area if it is unable to prevent other firms from gaining from its investment. On this basis, therefore, significant investment in the CTCs would make little sense for most companies and the government failed to gather anything like the levels of business support it envisaged[14] (Margrave, 1994: 65). As Margrave put it (ibid), 'for an outlay of a couple of million pounds, a successful multinational could have a prestigious education programme that reached all schools in the country', rather than putting the equivalent amount in just one school. The problem was that the size of investment needed could be most satisfactorily justified by local firms that may benefit directly, but

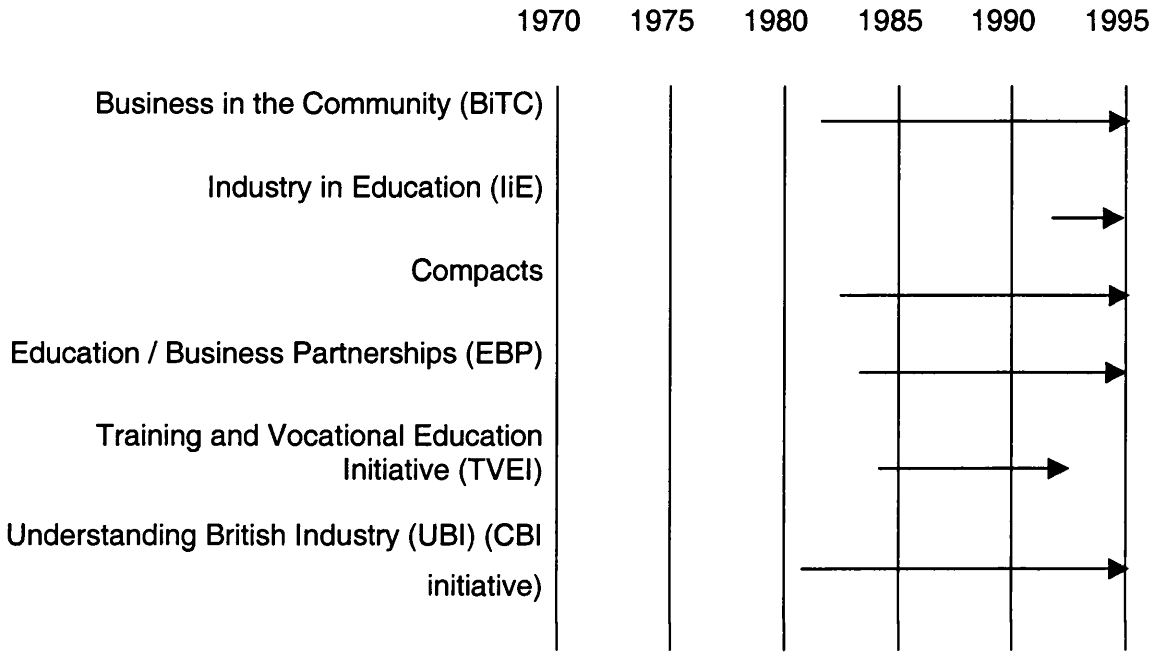
[14] The plan to raise a significant proportion of the costs of CTCs from the private sector failed and the final cost to the exchequer was much higher than was at first envisaged. In his analysis of Bristol's CTC, for example, Margrave (1994:65) revealed that just £2.24 million of a total bill of £11 million was provided by business. The capital costs alone amounting to around £10,000 per pupil during the year of completion, compared with a total budget for the whole of Avon of £5.56 million or £44 per child.

could only be afforded by the size of firm that, by its very nature, would be likely to have branches located throughout the UK. To extract even the relatively modest sum of £30 million, the Government had to rely on close business allies (Margrave, 1994: 67).

A further problem for the government was that even if business got involved in schools (whether through formal or informal linkages) there was no guarantee that this would lead to greater understanding of the needs of business. This would only be achieved if one of two conditions are satisfied: 1) that individual enterprises and business people are willing to invest time and resources in schools, and 2) if when they get involved they actually represent the views of business more widely. Research commissioned by the Western Training and Enterprise Council (Pike and Hillage, 1995), as well as research carried out by Industry in Education (IIE), casts doubt on the success of this initiative, however. The IIE study found that business people who sit on school governing bodies often did not feel confident in representing the 'business-view'. Moreover, the extent to which business representatives are accepted by the school and the other governors as a valid voice of business depended on their seniority and longevity of service within a particular company (IiE, 1995: 6). Factors such as these perhaps account for the low levels of business interest and involvement in school governance reported by Pike and Hillage. In contrast to Thody, the IIE study revealed that, even where they do get involved, business representatives tend to be recruited from middle management rather than senior or top management. Pike and Hillage's (1995) study, meanwhile, reported that, overall, business people viewed school links with scepticism and negativity, believing that few benefits could be obtained from them.

Despite these problems, both government and parts of business (most notably the CBI) have sought to increase levels of business interest and involvement in schools with the establishment of a number of initiatives. The most important of these, developed since the 1970s, are detailed in Figure 2. The first initiative, the Schools Council Industry Project, was launched by the Labour Government in 1978. Its objective was to increase business awareness in schools (Bennett, 1995:28). This began the growth in such initiatives, each with similar aims, developed both by the state and business itself. The CBI's 'Understanding Industry' initiative was an early business-initiated response to the perceived problems in state education. It not only campaigned for a greater emphasis on the needs of industry within schools, but also offered more practical assistance in the form of training for teachers, and co-ordinated exchange programmes for teachers and industrialists in order to develop greater awareness of the needs and problems of both sectors (Bennett, 1995:29). The Technical and Vocational Education Initiative (TVEI) was launched a little later (1983), to provide a more vocational education and training system backed by local businesses. It was also hoped at the time that this initiative would provide a stimulus to further education-business linkages (ibid.). Business in the Community (BiTC), Industry in Education (IiE) and the Education-Business Partnership (EBP) (later to become the National Education Business Partnership Network) all promoted similar linkages.

Figure 2: Education-business initiatives since the 1970s.



The Compacts initiative was imported from the US from the early 1980s. The scheme consisted of agreements reached between schools and local businesses whereby school leavers would be given priority in job vacancies if schools raised their own performance in areas such as attendance rates and exam results. The assumption behind such projects was that:

> the provision of access to jobs would serve as a motivator that would help keep students in schools, better prepare them for the world of work, and would improve their potential contribution to their employers once on the job (Waddock, 1992:31).

Their funding was met by local companies, though funds also flowed from the Employment Department and the TECs, LEAs and local Chambers of Commerce (Bennett, 1995: 34-36). The nature of the business links were concentrated in the area of work-based experience, followed by industry visits (Bennett, 1995: 38).

In order to more fully understand the extent of business involvement in schools it is important now to extend the evaluation to consider more closely business linkages with schools. This we can do by considering the views and experiences of individual firms.

A significant consideration for firms wishing to get involved with schools, it would appear, is the returns that flow from it. One study, conducted in the mid 1990s, found that three considerations were particularly important as follows: 1) the opportunity to shape the attitudes of young people towards work; 2) to improve young people's skills; and 3) to put something back into the community. In addition, more than half of the employers in the study (62%) felt that business-school links provided a 'soft form of marketing' and gave employers a 'good profile' (Pike & Hillage, 1995: 64). In a separate study Lovering (1991) found that firms were generally keen to use closer involvement in schools as a way of attracting its future workforce. One employer is quoted as saying that they actively promote the involvement of staff as school governors to ensure that they:

> maintained the number of applications from young people even though a growing proportion are staying on at college to gain qualifications. (Lovering, 1995: 29)

Another is reported as saying

> We have got to do much more to sharpen up our image in schools. If we don't we'll get left behind. (ibid: 29)

What these studies reveal is that, where business gets involved in school education it does so, not surprisingly, to further its own interests as a firm. It does not seek to get involved in order to represent the wider perspectives of business, which has often been the justification for its inclusion.

A second opportunity to assess the involvement and interests of individual firms in schooling is provided by a study conducted recently by IDS (1998). This attempted to establish the nature of, and the reasons for, business involvement for 6 individual companies. For ease of reference the results of the research have been placed into Table 4. The most interesting finding from the study was the range of involvement the companies had and the reasons given for their involvement. The key reasons for the latter were threefold. First are corporate image considerations, improving the image of the company in the eyes of potential employees or potential or existing customers. The target audience here are adults outside the educational establishment. Second, involvement in schools brings with it the ability to capture the next generation of workers or consumers, with the emphasis here on those within schools. Third were considerations of those already working for the company and their particular stock of human capital. The notion here was that community involvement would foster within employees better customer-relations qualities and greater commitment to the company. Whichever of these considerations were of most importance depends, it would appear, on the type of company and of the current situation regarding labour availability. There is a clear difference, for example, between Bombardier Aerospace-Shorts and the Post Office in their rationales for promoting links. The former, facing recruitment difficulties, placed greater emphasis on the value of school links for capturing potential workers. The latter was interested mainly in its customer base. The sample size here, of course, is very small, though it will be useful to draw upon these findings in subsequent chapters.

Table 4: Range of activities:

Company details	Nature of involvement	Other programmes	Rationale
Diago. *Merged in 1998 with GrandMet. Has four core businesses : UDV, Pillsbury, Guinness and Burger King.*	Team of dedicated staff coordinate partnership activities	'programmes geared to raising standards in education' KAPOW programme (kids and the power of work) promotes linkages between education and skills needed for the future. Promoted curriculum materials and visits from employees to schools (once a month for a year). Also deliver 8 lessons in one year. Burger King imported its INCLUDE project from the U.S. which lends its support to government initiatives to reduce exclusion, truancy and under-achievement.	'Acting with integrity as a good corporate citizen' Involvement of employees in partnerships and other community activities promotes personal development and job enrichment.
BT	Over 1000 BT employees are school or college governors. Providing £150,000 in 1998 to fund study support centres. Up to 2,500 pupil placements offered per year.	'supports mentoring programmes, seeks to raise standards of literacy, has a very active school governor programme, provides many work experience placements'	partnership programme enhances its reputation, raises the profile and 'builds the brand' but it is not just motivated by self-interest. BT seeks to help 'individuals, families, communities and organisations to interact, learn and flourish to the full'
Bombar-dier Aerospace -Shorts	Dedicated members of staff coordinates partnership activities. 700 placements per year. Produces curriculum materials, provides career conventions, business-Insight days, mock interviews, industrial visits and careers talks.	Has adopted a programme . . . in response to local needs for equality of opportunity and to encourage recruitment	Company concerned with drop in applications for engineering trainee positions.

Esso	100 employees are governors of schools. Company is striving to encourage more. Those who become governors get expenses and up to 15 days leave. Also up to £250 attached to employee for school projects. Curriculum materials for science, technology and mathematics. Provides education on environmental projects Provides careers advice, particularly relating to science, engineering and mathematics. Teacher placements	Uses its link programmes to encourage interest in mathematics, science technology and the environment Donates surplus equipment	'desire to exercise 'good corporate citizenship' . . . to pub something back into society. Acknowledges that while involvement with education makes little, if any, contribution to the bottom line in the short term, it believes that it. . . . creates a 'climate of consent' in which to carry out its commercial operations.' 'Esso plays a part in raising the profile of the whole sector by encouraging more young people to consider engineering/technology as a career' 'the company is able to promote its corporate image by including the Esso logo discreetly on classroom resources and promotional materials; it also encourages employees to seek PR opportunities featuring their involvement with a school, often leading to positive coverage in the local press'.
The Post Office	Full time manager , based centrally, has full-time responsibility for business partnership activities. In addition, three further education managers Has developed curriculum resources, placements for teachers, school visits, and training for managers working with schools.	has an extensive catalogue of curriculum support materials which it promotes by organising training courses for teachers and employees	'Maintain high profile in the community' 'initiatives which encourage greater literacy may result in higher volumes of mail' 'educational resources explaining postcodes can lead to more efficient handling of mail'

Scottish Power	School to Work development programme helping 15 and 16 year-old pupils make transition from school to work. Resource packs, site visits, work experience.	using its open learning centres . . . to help raise basic skill levels and widen access to IT Open Learning Centres to improve employees skills (including computer skills, languages, law, company knowledge etc)	'companies have a duty to work alongside schools, educational institutions and agencies involved in curriculum development. In so doing, it can help ensure pupils receive an education which equips for future success.' Company building a reputation as a caring organisation Developing the skills and experiences of employees

Compiled from IDS, Nov. 1998 *Business partnerships with Schools* Study no. 658

The impression gained from the IDS study, in contrast to earlier evidence, is that for larger businesses at least, involvement in schools is extensive, varied and is viewed positively. The key reason for this, however, is likely to be the fact that this study included only larger companies. We would expect larger companies to have a more coordinated, more coherent approach to partnerships since these would be more likely to benefit from such links. Not only do larger companies have longer time-frames (so would perceive more benefits from such linkages) but they also have greater resources and are less likely to be deterred by free-rider problems.

Post-compulsory education

These aims in school education policy: to gear it towards the needs of business, and to establish closer business links with schools, also helped shape changes in further and higher education. Again policy changes were important in establishing a stronger voice for business. Important in this was the establishment of new universities (replacing the former polytechnics) and colleges as self-governing independent institutions as part of the 1988 Education Reform Act. Both were also to establish a greater role for business in their management and the introduction of a greater vocational focus. The new universities were, according to the 1987 White Paper, to contain 'a strong representation from industry, commerce and the professions'. The Act itself required that at least half the members of the new university boards have 'experience of' and have 'shown capacity in industrial, commercial or employment matters or the practice of any profession' (cited in Bastin et al 1990: 249).

The old universities were subject to less radical changes, though changes were made in their funding arrangements. Before the 1988 Education Act universities were funded through the University Grants Committee (UGC), which was composed mainly of senior academics. The Education Reform Act (ERA) changed the UGC to the Universities Funding Council (UFC) which was to be allowed less discretion over funding and faced greater emphasis on professional and 'business-like' management (Harvey and Knight, 1996). The Department for Education and Science spelt out its intentions when it stated that higher education was to:

> contribute more effectively to the improvement of the performance of the economy. (DES in Glennerster, 1998: 29)

Moving onto the question of business voice, it is very difficult to assess the extent of business involvement in the management of institutions in the post-compulsory sector due to a lack of previous work. There has been some limited research into the composition of the new University and College boards following the 1988 reforms, however. One study, for example, revealed that 59% of independent board members within these sectors (who formed around half of the total) were drawn from private firms. Over 85% of these were classified as chairs/chief executives/managing directors, and one third were from large companies (Bastin, 1990:250). The majority of chairs of boards also held senior positions in businesses (Bastin, 1990:260-1).

In addition to management involvement, just as was the case in schools, links between higher educational institutions and businesses have gained greater importance in recent years. The Government sponsored two initiatives – the Enterprise in Higher Education (EHE) initiative, established in 1984, and the Council for Industry and Higher Education (EHE), established in 1987 - both designed to narrow the gap between industry and higher education, in a similar way to the business-school initiatives. The EHE encouraged a much greater emphasis on staff competencies and a more vocational education (Elton, 1995:148). In order to qualify for funds, paid by the Manpower Services Commission, and worth around one million pounds over five years, HE institutions had to meet key objectives which included 1) tailoring the student curriculum to the world of work, 2) involving employers and employment, and 3) ensuring that 'all students on undergraduate and postgraduate courses are affected by the initiative' (cited in Elton, 1995:149). It is not clear how institutions would ensure this, however. Importantly, universities and colleges also had to raise the equivalent of at least 25% of the funds received from the private sector (Wright, 1992: 205). Again, employers did not become comprehensive involved as the government envisaged. They were reluctant to get involved in student assessments, and no employers submitted bids for EHE funds in conjunction with HE institutions as they were invited to (Elton, 1995: 150).

The CIHE also sought to develop greater vocational and science based education, emphasising the needs of business for a flexible, skilled workforce. The organisation was also geared towards encouraging greater business involvement in HE in the form of lent expertise, support and finance in achieving this (Coldstream, 1988, 1994). The Council stated in 1987 that employers required imaginative, versatile and adaptable graduates, with skills in maths, science, technology, and even 'humane' values derived from humanities and arts subjects (cited in Wright, 1992: 207).

A lack of research makes definitive commentary on the position of business regarding further and higher education difficult, but there can be no doubt that the government has played a significant part in creating greater openings for business in these sectors. The remaining question is how far, and which types of business have taken up these opportunities.

Training and Enterprise Councils

Training in the UK had, since 1964, been based on tripartite corporatist arrangements (King, 1993: 218). Their replacement by the Manpower Services Commission in 1973 represented an even stronger commitment to the integration of labour and employers into training decision processes. As King observes:

> By giving the unions and employers equal positions in a national executive body the MSC represented the strongest form of tripartite corporatism in British postwar training policy (1993: 220).

The Conservative Government of 1979 was wholly opposed to corporatist arrangements, however, in this or any other area. But despite its opposition, the Thatcher Government did not immediately squeeze out the unions. It was not until 1988 and the establishment of the new Training and Enterprise Councils that labour was effectively excluded from training decisions.

The creation of the Training and Enterprise Councils (TECs) in 1988 was brought about not only by opposition to tripartite corporatism but the general failure of training which in the late 1980s was widely thought to be lagging behind provision in the UK's main competitor countries (Ainley, 1993: 126). The solution by the government was to develop a more business-orientated approach to training (King, 1993: 230). The main objectives were to develop and provide regional training opportunities, increase employer investment in training, increase access and commitment to training, improve quality and encourage enterprise (DoE in Boddy, 1992: 165). In order to ensure a business-centred approach to training provision, the government required that a majority of members on the TEC boards were business people. Of a total of 15 or 16 directors, two thirds should hold the office of chair or chief executive of a company, or be a senior 'operational manager' of the local branch of a large company. The remaining members should be chief executives or their equivalents within relevant fields, for example, from education, economic development, voluntary organisations, the public sector or unions (1994/5 Operating Agreement for TECs reproduced in Graham, 1995: 276-277).[15] The guidance to the TECs also included a foreword by the Prime Minister which stated that the TECs would play 'key local roles in the achievement of national competitiveness' (cited in Graham, 1995: 272-3). It goes on to state that they were intended to foster:

> clear strategies and plans to help build robust, dynamic local economies, developing competitive businesses capable of taking on and beating global competitors; developing and encouraging a world class workforce with the skills needed for successful businesses. . . (cited in Graham, 1995: 273).

The White Paper which launched the TEC outlined its intentions clearly:

> The creation of TECs is a truly radical step. It will give leadership of the training system to employers, where it belongs. By increasing local employer responsibility for local training arrangements . . . . TECs will generate more private investment in training. As employers recognise the economic necessity to train and the returns available, they will be encouraged to make a larger investment in training' (Department of Employment, 1988: 43 in Peck, 1991: 6)

Thus, the TEC initiative was a government response to a problem perceived to be experienced by employers. It is not clear, however, how far business actors themselves encouraged this response from government. No comprehensive analysis of the role that business has played in the development of TECs could be found. A study conducted by Peck (1993) has, however, considered the views of key players involved in the introduction of TECs in their localities and from other interested parties. Whilst the views of business are surprisingly few in number, the study does reveal some ambivalence on the part of business towards the establishment of TECs,

[15] Early research on the composition of TEC boards indicated that 67% of their membership was drawn from the private sector (Plummer, 1994: 20).

especially around the question of the business dominance of them. One of the two business respondents who commented on private sector involvement in TECs, for example, stated that there was no justification for their inclusion at all (Peck, 1993: 296). Others from outside business would agree with the sentiments expressed here. In an earlier study, for example, Peck questioned the logic behind the way the TECs were to be run.

> the root of these problems (in training provision) is employers' inadequate appreciation of the 'economic necessity to train and the returns available', so the solution is to place the ownership of the training system with employers! On the one hand, employers cannot comprehend what the market is telling them to do, on the other hand, employers are deemed to possess the knowledge needed to create a 'market-led' training system (Peck, 1991b: 6).

The domination of TECs by larger employers, responding to the logic of markets, is therefore unlikely to solve the problems of training. The TEC approach, according to Boddy (1992: 177) tends to push training policy towards meeting the problems of supply - a vacancy-led approach. The result is short-termist and responsive policies that tend to be geared towards the relatively unstable secondary sector rather than the more stable and highly skilled primary sector (ibid.). Moreover, since smaller rather than larger firms tend to suffer from free-rider problems (reluctance to invest in training that may benefit others) it is they more than larger firms who require a greater voice in training provision, and a greater level of investment by the public sector (Ainsley, 1996: 128; Peck, 1991:5).

A separate problem also stems from an increased emphasis on senior business people on TEC boards (and other boards for that matter) according to Peck and Tickell (1995b). They argue that TECs encourage the development of local elites and serve to further already privileged interests; a problem expounded by recruitment processes.

> The process of selecting TEC directors tends to go on behind closed doors: the inner circle of employers not only selects the other private sectors directors (by whatever channels it sees fit), it also has the power to choose which 'representatives' from the voluntary organisations, trade union movement and local authority sector it wishes to join the board (Peck, 1991b: 31).

Discordant voices from other groups would be unlikely to be elected to sit on TEC boards.

Before concluding this section on business and education and training policy, it is useful to briefly extract the main themes from each of the areas looked at. First, there appears to have been a growing concern over recent years with the extent to which education and training services in the UK were meeting the needs of business. The response by government has been to create more openings in public provision for business, and to undermine or exclude others, such as local authorities and trade unions. A lack of evidence makes it difficult to see what role, if any, business has played in this however.

Second, the government, as well as organised business in the form of the CBI, has attempted to generate greater business interest and involvement in education and training services through a number of initiatives. The government clearly views the inputs of business in these services very positively. Despite this, however, business interest and involvement is clearly not always as high as the government would like. This was the case particularly with regard to the City Technology Colleges, and even in school governance. The risks associated with this strategy relate to the fact that they may facilitate the development of local elites with the subsequent development of services that are not geared towards general business needs, but to the selective needs of those involved. The following discussion on health will illustrate that these concerns are not restricted to education and training.

Health provision

The key aims of health policy over the 1980s were to encourage an expansion in private provision, control expenditure, and transform the culture of the NHS. Changes were introduced into the health service gradually, beginning with increases in dental, prescription and ophthalmic charges, the introduction of competitive tendering for subsidiary parts of the NHS, and measures to stimulate private health care, including tax exemptions for occupational health provision (Le Grand and Vizard, 1991:78-9). The most important changes, however, came with the introduction of internal markets in 1989. The 1989 NHS Act introduced GP fundholding and created health service trusts. The act established two kinds of purchaser, the District Health Authorities (who were allocated budgets to purchase secondary care) and GP fundholders who would purchase care on behalf of patients. The providers - hospital trusts - would compete with each other (and in some cases those from the private or voluntary sectors) to offer services to the purchasers. Trusts were also granted some freedoms in relation to pay, skill mix and service delivery (Le Grand and Vizard, 1991:78-8)

As was the case in education and training, the government realised that if it was to introduce radical changes in the NHS it would need to simultaneously change the culture within it. To do so the government again enlisted the help of business. Successfully introducing private sector values into the NHS meant recruiting personnel from the private sector to the management and boards of the largest NHS institutions (Ashburner and Cairncross, 1993: 358-9). To pave the way for this, the government first sought to remove local authority representation from the health boards. This was achieved in the 1990 NHS and Community Care Act.

In terms of the actual involvement of business in health authorities and trusts the research interest has again been low. A notable exception to this has been the work of Ashburner and Cairncross (1991; 1993; see also Cairncross and Ashburner, 1992; Ferlie and Ashburner, 1993, 1995). Their research has provided one of the few glimpses of business involvement in the health service. Their starting point was an investigation of the make-up of health boards in the early 1990s and that that 48% of non-executive members of health trust boards are directors of private companies (Cairncross and Ashburner 1992: 12). They also found that the percentage of directors on health authorities was lower than this figure, representing the abilities of the larger trusts to attract more prestigious members from the private sector. None of these figures include senior managers of companies, however, so the overall business inputs into health trusts is likely to be even higher than this figure.

As was the case in the TECs, the appointment of non-executive members to health trusts is based on patronage. This adds to those concerns already expressed above about the development of elites within localities. Ashburner and Cairncross also commentated on this.

> Many health authority non-executive members might be described as 'elite volunteers' or 'active citizens' on whose help much government policy depends. (Ashburner and Cairncross 1993 p364)

Ashburner and Cairncross (1993: 368) also found that gaining access to these elites was sometimes difficult as health services had to compete for them with other public bodies. They cite one example where health trusts set out to target members of the CBI at their 1989 conference (Rees, 1990 cited in Ashburner & Cairncross 1993: 368).

In addition to discussing the membership of senior business people on health boards, Ashburner and Cairncross also investigated the rationale for their involvement. The reasons given ranged from 'the opportunity to exercise skills and experience gained elsewhere' to 'a desire to contribute to society' (1993: 364). A large majority had a strong commitment to the idea of performing some public service or voluntary work, with more than four in five agreeing that 'it is important to dedicate some time to public service and voluntary work' (ibid.).

Government policy in health care, as was the case for education and training, has been important in providing openings for business involvement and influence. A primary aim has been to involve business in the health service with the hope that this will impact on the practice and culture of the NHS. Again there are signs of some difficulty in locating business volunteers, and some concern has been expressed at the consequences of this business-centred approach.

Housing

The background to 1980s housing policy is marked by a history of general expansion within public rented housing, a shrinking private rented sector, and an expanded private owner-occupied sector. Conservative housing policy has reversed the expansion of public housing, and expanded private sector provision (rented and owner occupied).

Housing is different to the other parts of the welfare state examined here. To begin with it was never decommodified in the same way that other welfare services have been. Moreover, unlike other services, there is strong public preference for private rather than public provision in certain parts of the housing market, though greatly discounted council house sales and 'invisible' tax subsidies (in the form of mortgage tax relief) have undoubtedly influenced this pro-private bias. The key difference, however, is that central government has retained a much tighter grasp on levels of social provision in the area of housing. Hence, the government has been able to exert much greater control over housing provision since 1979 without having to resort to the kinds of measures outlined in relation to other services. Whilst it did attempt to introduce private sector involvement in the public sector through such schemes as the Housing Action Trusts and Tenants Choice (or pick a landlord scheme) and compulsory competitive tendering in the area of housing management (introduced since 1988), it was able to control the extent and costs of public provision relatively straightforwardly. The introduction of the Right to Buy scheme, the reduction of housing subsidies to local authorities, and tighter controls over local authority borrowing and capital expenditure were important mechanisms through which central government could control direct provision. Controlling Housing Benefit, of course, proved to be more difficult.

The desire to cut the size of public sector housing gave rise to a three-pronged approach – the expansion of owner occupation (facilitated partly through the sale of council housing), the expansion of private sector housing (through the liberation of the housing market) and the expansion of housing associations. These quangos were to meet social housing needs where the private sector could not. They would attract bricks-and-mortar subsidies from the government (though the level of subsidy has been gradually cut back since 1986) but were expected to become increasingly self-reliant – paying for building by raising private capital and relying on rental income to finance loan repayments and maintenance costs (Malpass and Murie, 1990:113, 149-152).

The input of the private sector is significant, therefore, from building the stock to providing the finance for it. Business was also provided with opportunities to become involved in the establishment and management of social housing. High levels of unemployment, not to mention tight controls over local authority expenditure, had expanded the number of 'problem' estates in the 1980s and, given the constraints on it, local government was less and less able to resolve these problems. The solution advocated by central government was again private sector involvement. The government put in place a number of initiatives which were geared towards the transfer of local authority stock to private or voluntary sector ownership and management (as already mentioned). Deakin and Edwards (1993:224-5) highlight a range of projects where big business was drafted in to help solve the problems of run-down council estates with private investment. Just as in the case of the City Technology Colleges, the private sector was reluctant to invest heavily, however, and the public sector had to pick up a much larger proportion of the costs than it envisaged.

Evidence also exists of private sector involvement in the management of housing associations. According to Plummer (1994:20) the private sector made up the largest distinguishable group on the boards of housing associations, making up twenty eight percent of their total board membership.

Limited work has been carried out on the impact of housing on the availability of labour. Concerns over the impact of housing on labour mobility increased particularly from the late 1970s according to Doogan (1996). These concerns, he argued, have led to a number of business initiatives and strategies. These have mainly taken the form of subsidised housing costs rather than direct provision. Indeed, despite increased employer interest in housing, the decline in tied-cottages that began at the start of the century was speeded up during the 1980s (Doogan, 1996: 19-20). Since the biggest factor in the development of housing strategies for businesses has been labour mobility, employers have also tended to apply measures selectively over the past 20 years - gearing them towards relatively skilled labour in occupational areas that have experienced labour shortage (ibid: 22).

Despite Doogan's useful contribution to the debate, his study provides only limited information on the extent of employer intervention in housing markets. Most importantly it provides only figures on public sector employer involvement in housing provision. Doogan (1996) does conclude, however, that:

> One in four households in new dwellings received some form of assistance from their employer with housing costs (in 1994-5). This assistance was most common in the higher priced properties (32%) and least common in the low price band (13%). Long-term housing support was also significant, especially in up market developments. In the top segment of the new housing market some 21% of households received long-term housing assistance the most common of which was mortgage subsidy, but other packages referred to low interest staff mortgages and long-term housing allowances paid over a period of years.

Doogan's study therefore provides important insights into the rationale for employer interest and involvement in housing policy, though it provides only limited indication of the involvement of business in housing. Beyond his study, very little evidence of employer interest or involvement in housing provision could be found.

Social Security and other transfer payments

The Conservatives had two main aims with regard to social security: to control expenditure and to shift more of the responsibility for social protection onto individuals and the private sector. The size of the Social Security budget increased by 109% between 1973/4 and 1995/6, and much of this increase was experienced during the 1980s and 1990s as a result of increases in unemployment during this time (Evans, 1998:269). A key concern was the extent to which social security impacted negatively on competitiveness. The solutions to these problems can be divided into two. The first set of policies were designed to increase work incentives – lowering the wage costs for employers and providing inducements to employees (Timmins, 1996: 283). Included here can be various policies including, the reduction of benefits for 16 to 18 year olds, the extension of in-work family benefits (Family Income Supplement, which then became Family Credit) and a range of work-welfare schemes and allowances. More recently, of course, the Labour Government's Working Families Tax Credit, and its New Deal programme provides even more generous subsidies for employers.

A second important policy response was to attempt to reduce the costs of benefits by shifting responsibility for them onto other agents including individuals and employers (Taylor-Gooby and Lakeman, 1988: 24). Most important has been the shifting of some of the responsibilities for the administration and some of the costs of pensions and sickness and maternity benefits onto employers.

The initial proposal in 1980 to introduce an employer administered and funded sickness benefit scheme was opposed by the National Federation of Self Employed and Small Businesses and the Alliance of Small Firms and Self Employed People, on the grounds of cost to their members, and the belief that employees themselves should be made responsible for their own provision whilst sick (Dean & Taylor-Gooby, 1990: 49). More important than the opposition from small business, however, was opposition from big business and the financial sector. The CBI, for example, though not as vociferous in its criticisms of the proposal, did win important concessions in relation to state reimbursement of the costs of SSP. As Dean and Taylor-Gooby (1990: 49) put it:

> Not renowned for giving way, the Thatcher Government has amended its original proposals no less than four times so as to accommodate the views of the main employers' organisations. In so doing, the Government has nonetheless signally ignored not only the views of the poverty lobby and the trade union movement, but also the vigorous objections of the small business lobby.

The actual benefits to the Government did not come in the form of massive savings, and financial gains only really came from the taxation of the new benefits. More importantly, though, the reforms did send a clear message from the government: first, that responsibility for welfare provision should be shifted towards agents other than the state, and second, in the introduction of the new scheme it was the poverty lobby and employees who lost out primarily, and not employers (Dean & Taylor-Gooby, 1990: 48-54). So successful were employers in getting the government to move towards their agenda, according to Paul Pierson (1994:140), that when SSP was extended from eight to twenty-eight weeks in 1986, employers accepted the new proposals without protest.

The government was also later forced to amend its radical proposals for the abolition of state pensions after intervention by business and other groups. The 1985 Green Paper on Social Security Reform proposed the replacement of SERPS with compulsory occupational and private pensions. Again opposition came from various quarters, but most important was opposition from the CBI and the pensions industry (Taylor-Gooby & Lakeman, 1998: 27; Dean & Taylor Gooby, 1990; Levin, 1997:150; Pierson, P. 1994:

61). Norman Fowler, the Minister responsible for the introduction of the proposals stated later that:

> I had against me almost the whole of the pensions industry. . . . Even more ominously, both the CBI and the influential Engineering Employers' Federation had moved against me. (Fowler, 1991:222).

The main problem with the proposals for employers, according to Pierson (1994: 61-2) was they would place significant costs on business. Employers would have to pay, not only the up-front (pay-as-you-go) contributions of SERPS pensioners, but also the private funded costs of future retirees once SERPS had been abolished.

Not all employers' groups opposed the plans. One of the few organisations to not only support the reforms but actually condemn them for not going far enough was the Institute of Directors (House of Commons, 1985: 36-38). The IoD also urged the government to cut back on benefit expenditure more generally, including payments for children, to abolish the social fund and housing benefit and to eventually privatise the basic pension. In the meantime, the Institute argued, claimants should pay 30-40% of the Rates bill and 20% of their rent. Whilst the IoD was in a minority in supporting the Government's proposals, however, it was not so much the opposition of business that influenced the subsequent U-turn on pensions, according to Fowler (1991:222), but the opposition of the Treasury.

Before leaving this section it is worth mentioning an important study carried out by George et al (1995) on the views of key influentials on social policy. This study, whilst based on a relatively small sample, provides an important insight into the attitudes of business to a range of social policy questions. The study, carried out in between 1994 and 1995, holds a number of important revelations as follows: 1) business opinions are markedly different in different states, 2) UK business tends to be more supportive of Rightist approaches to social security and labour markets than in other countries. Business respondents from the UK favoured deregulated labour markets, opposed active labour market policies, and favoured contributions based provision (George et al, 1995: Tables 3, 4, 8). The key question here is whether or not these views represent the views of business or business interest associations as a whole. It is interesting to note, however, that the findings of George et al's study has parallels with the thrust of Therborn's study already outlined in Chapter 3.

Aside from these specific cases, little work has been carried out into business and social security more generally. This is despite the huge costs of social security, not to mention its potential impact on wage levels and competitiveness. From these few key examples that are available, however, the ability of business to influence social security is not really in question. What does require further examination, however, is how far business interest and influence extends beyond these specific policy areas. The empirical sections of the study will investigate these issues further.

5.4 BUSINESS AND OCCUPATIONAL SOCIAL POLICIES

The discussion so far has centred on the role of business in social policy development with only brief reference to occupational social policy. As an important area of social policy, it is useful here to investigate the issue of occupational welfare in more detail including its link with state provision.

Although several commentators have recognised the importance of employers' social policy to overall levels of welfare provision in the UK (Titmuss, 1958; Thane, 1996:30, 128; Rein, 1983; Reddin, 1981; May and Brunsdon, 1994; Bryson, 1992), the subject has received little or no attention from the majority of researchers within the field. Moreover, there have been few attempts within the discipline to gauge the significance of firms provision in terms of overall welfare levels. The main exception to this has been the work of Martin Rein (1983; 1996 and with Rainwater, 1986), though other contributions, which focus on general non-wage benefits, have been made by several authors (Casey, 1994; Green, et al 1984; Russell, 1991; Tachibanaki, 1989), and by official series (The General Household Surveys, Labour Force Surveys, and Labour Costs Surveys).

Of the few studies that have been carried out into the existence of social provision within firms, little work has been conducted on the extent of employer's social policies in the UK. Contributions have been made to specific areas of social policy, such as maternity pay, family friendly policies, occupational pensions, and housing (on these see Callender, 1996; Forth, 1996; Mann, 1989; Forrest, 1991). Other studies have focused on the combined non-wage costs to employers (e.g. Murlis, 1978; Hart, 1984; Rein, 1983, 1996; Green et al 1984, 1985) and still others have made useful theoretical and speculative contributions concerning the extent of employers provision (Reddin, 1981; Shalev, 1996; Rein and Rainwater, 1986). However, no study has yet been undertaken which has focused on social provision within firms, as opposed to general non-wage costs, and has, at the same time, offered a detailed examination of the extent of, and reasons behind, employer's social policy in the UK.

Two key problems arise in connection with the study of employer's social provision, and these perhaps account for the lack of previous research. First, there is a problem with defining what constitutes employer's social policy; second, the measurement of the extent of provision is itself problematic. Both problems are discussed briefly here, but are dealt with in more detail in Chapter 9.

The problem with the small number of studies that have been undertaken is that they have tended to rely on definitions that are so broad as to include areas not commonly thought of as social policy such as subsidised canteens, club membership, travel expenses, company cars, uniforms and clothing allowances. Bryson goes even further and includes, within her definition, intangible benefits such as *contributions to general enjoyment and personal development* (1992:140). She further argues that:

> the amenity of spending one's day-to-day working life in the comfort and protective environment of an oak-panelled office, rather than in the dangerous environment of the foundry, is an obvious, and potentially multi-faceted benefit. (Bryson, 1992:140).

It is maintained in this thesis that such definitions as these go beyond any useful conception of social policy. The problem, however, is that attempting to arrive at a useful definition, that allows the researcher to distinguish between different forms of provision, for example, direct housing provision and subsidised mortgages, yet exclude others, such as cheap loans or subsidised or free over-night hotel accommodation, is extremely problematic, not least because available figures on occupational benefits tend to aggregate all forms of non-wage benefits. Occupational welfare, as it is used here, refers to provision falling under each of the main categories of social policy: housing, childcare provision, education and training, health and social care and a whole range of social protection costs (including unemployment insurance and pensions provision).

Now the problem of the definition of occupational welfare has been dealt with, it is important to stress that provision falls into one of two categories: statutory or mandatory provision, and non-statutory or voluntary provision. The former includes national insurance contributions, as well as the funding and provision of statutory benefits, such as sickness benefits, maternity leave, and redundancy pay. Non-statutory or voluntary provision includes a range of employee benefits, including occupation and private pension schemes, health insurance, above-statutory cash benefits, various types of insurance, educational and training programmes, and housing provision.

Factors influencing the shape of employers' social policy

A number of explanations may account for the development of occupational welfare. The first centres on the contribution of occupational provision to productivity. A range of services, from training to health screening can provide firms with competitive advantage (May and Brunsdon (1984: 154-6; IDS 478, 1991; Fitzgerald, 1988: 12-13). In addition, occupational welfare provides the firm with greater control mechanisms over labour (Papadakis and Taylor-Gooby, 1987:176). This has been important particularly in the past, where occupational pensions, for example, have been used as a leverage tool to prevent industrial action and to shed elderly labour (Quadagno, 1984: 637; Graebner, 1980).

A second explanation for the development of occupational welfare is that it helps to reduce free rider problems. If companies have no choice but to provide training services, for example, (themselves a form of occupational provision) they need some mechanism to encourage employees not to join with rival firms as soon as they are qualified. Good quality occupational welfare can create a sense of loyalty and commitment to the company (Gordon, 1991: 168; Jones, 1983: 64; De Swaan, 1988: 171; Russell, 1991: 271). Loyalty was often achieved by attaching length-of-service requirements to certain forms of provision (Quadagno, 1984: 637), though there is a case for believing that the opposite may actually be true: that occupational provision could actually increase free-rider problems by encouraging skilled employees to move to firms with more generous benefits (Papadakis and Taylor-Gooby, 1987:106).

A third explanation for occupational welfare centres around fiscal incentives. Changes in the taxation of certain company perks, the most significant being the company car, have meant that employers have turned towards alternative forms of employee provision which have included expanded occupational welfare (May and Brunsdon, 1994: 158). After allowing for tax incentives, the true value of occupational welfare may often exceed alternative money wages (Rein, 1983:5).

In addition to outlining explanations of determinants of occupational welfare, it is important to stress the growing importance of occupational welfare during the 1980s and 1990s. Faced with the difficulty of cutting state involvement in welfare the Government looked for alternative forms of welfare provision. Individual private provision was the most desirable in many cases, but the government has also looked to employers to take on a bigger role. Key examples include the transfer to employers of administrative and funding responsibilities in the areas of sickness and maternity provision, and direct pleas by the government for employers to develop their own solutions to problems relating to child care and skills shortages (Dean and Taylor-Gooby, 1990; Moss, 1992; Taylor-Gooby and Lakeman, 1988).

Although the extent of occupational welfare is difficult to measure, it is clearly important for a number of reasons. Not only does it provide a significant source of welfare for many employees, but it also provides a means by which employers can better control workers. Importantly, the occupational sector also provide the government with an opportunity to push some of the costs and responsibilities for social protection onto it. In highlighting some of these issues, this section of the thesis prepares the ground for more detailed analysis in Chapter 9.

5.5 LESSONS FROM THE LITERATURE REVIEW OF BUSINESS AND SOCIAL POLICY

Taken together with the findings of the previous chapter, this review of business and social policy has revealed an interesting, if disjointed, body of literature that holds some important lessons for understanding business influence on social policy.

First, it has highlighted different mechanisms of business influence on social policy: indirect (where policy makers introduce changes in social policy in order to meet the perceived needs of business), and direct (through lobbying, institutional involvement, funding and sponsorship and occupational provision). Second, it has revealed different levels of business interest and involvement in different areas of social policy over time – though part of the explanation for this could be the lack of previous work in the area. Third, it has revealed different attitudes and levels of support or opposition towards social provision within business. Different forms of provision impact, positively and negatively, on businesses in different ways (in terms of productivity, profits and competitiveness). The real impact of social provision varies, it would appear, according to the business in question: the size and make-up of its workforce and the sector in which it exists. In addition, involvement in social policy may bring other benefits to the firm such as soft marketing to current or future consumers, or may impact on the productivity or loyalty of its current or future workforce, or on its future recruitment of labour.

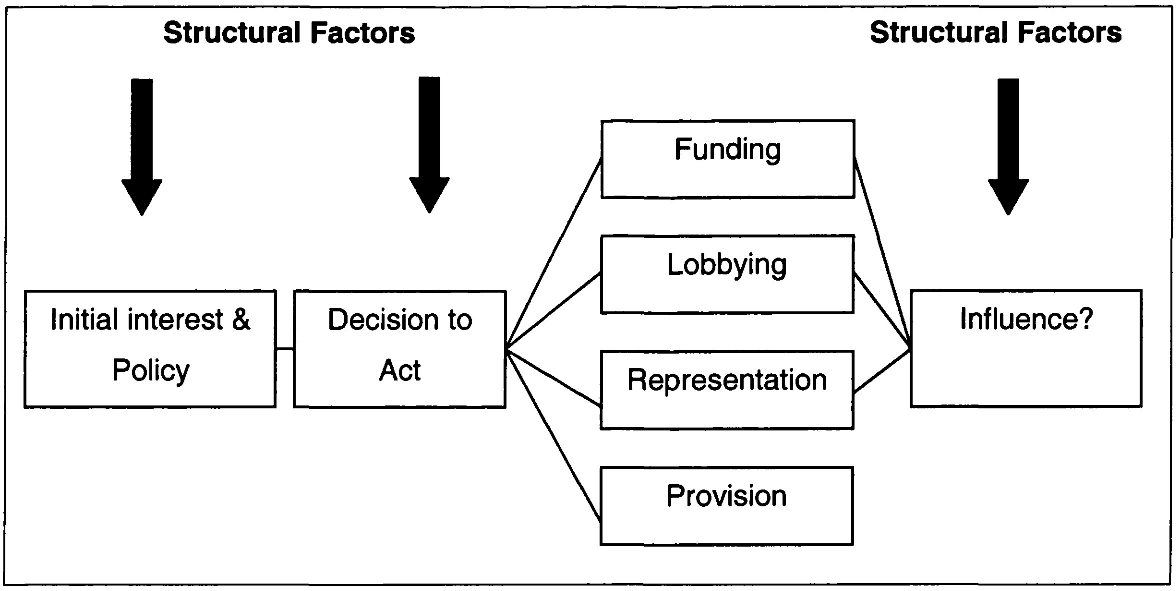
Table 5 summarises the most important indicators of influence within the literature review. Following the discussion above, it divides the mechanisms of influence into direct and indirect or structural – in the sense that they did not depend on agency to steer policies towards the needs of business. This time, however, a distinction is also made between two forms of direct influence: political pressure and involvement. This distinction is important to an understanding of how different mechanisms of influence can help shape social policy outcomes.

Table 5: The scope for business influence on social policy

	Direct Influence		Indirect (structural)	Factors limiting influence
	Political Pressure	Direct Involvement		
Education and Training	Pressure from business organisations to create education and training services geared more towards the needs of business (Bennett, 1995).	Greater scope for employer involvement in Schools, Colleges, Universities and TECs (Bennett, 1995; McBrierty, 1993; Graham, 1995) Direct funding and sponsorship deals	Shift towards more vocational education which more directly meets the needs of the private sector. Emphasis on the role of education and training in creating greater competitiveness	Lack of coordinated business position Lack of willingness of business representatives to put forward business perspectives. Lack of willingness for businesses to get involved in education and training.
Housing	Pressure to provide cheaper forms of housing to increase labour mobility from some sectors of business (Forrest et al 1991).	Building social housing		
Health		Increased emphasis on the importance of business representation on Health Service boards (Ashburner and Cairncross, 1991, 1993)		Lack of interest in involvement on the part of business (Ashburner and Cairncross, 1991, 1993)
Social Security	Business lobbying on issues relating to pensions and sickness benefits (Dean & Taylor-Gooby, 1990; Taylor-Gooby & Lakeman, 1988)			

Figure 3 is an attempt to illustrate, in simple model form, the processes of influence, drawing together the most important lessons from the first section of the thesis. The model clearly illustrates the processes which must be gone through if business is to influence social policy. First business has to be sufficiently interested in a given policy area. This may then be translated into a decision to act in one of four ways (funding, lobbying, involvement or provision). Structural influences (relating to factors such as business investment and indirect influence – where governments introduce policy change in order to meet the perceived needs of business) help to define the policy context within which business acts. If the structural mechanism is operating effectively, and hence social policies either benefit, or at least do not harm, the interests of business, then it is less likely to act. It is necessary to stress here, however, that the interpretation of the extent to which social provision harms or furthers the interests of business may themselves depend on the sector, or group, of business under discussion. Another important determinant of whether business will act are the reasons for its initial interest in social policy. As already mentioned, a range of different factors may lead business towards an interest and involvement in social policy.

Figure 3: A simple model of business influence on social policy



5.6 CONCLUSION

This chapter has reviewed literature on the influence of business on social policy. It has identified key Conservative objectives since 1979, such as control over expenditure, and control over the management of welfare services, and highlighted the role that business has had both in the setting and realisation of these objectives. Whilst being relatively thin on the ground, the literature reviewed here does hold some useful lessons for the thesis as a whole.

The scope for business to influence social policy making and provision has been outlined and situated in the context of the changing political context in the 1980s and 1990s. Both structure and agency can be seen as important in the above discussion in facilitating business influence, though greater emphasis is placed on agency in the literature. Structural power has impacted on education services in particular – where change has been introduced, in part, to better serve the interests of business. Indeed, the success and competitiveness of UK business has been used as a justification for changes in many areas of welfare. In light of important changes in the British polity – in particular, the demise of corporatist intermediation and the opportunities for participation in decision making by key business agents (as discussed in this and the previous chapter) - the structural mechanism would appear to be an increasingly important means through which business may influence social policy on the national level. Structural influence is very rarely explicitly discussed in contemporary social policy literature, however. Since structural power not only helps steer government policy but also sets the context in which business acts it will be necessary to evaluate structural power in greater detail in the empirical section of the thesis.

More focus has been placed in the literature on the changing British state at the local level. At this level the scope for agency influence has increased, with the central state playing a key role in the creation of a number of openings for business in social policy from funding to representation. Business has effectively replaced local authority representation in a number of social policy institutions. Business actors have been introduced into services both as representatives of an important consumer interest, and in order to inject into them private sector values, ideas and, in some cases, investment. At the same time the government has sought to divert some of the responsibility for the management and funding of certain welfare services onto employers. Thus, at the level of service provision business has been given an increasingly important and influential role. The signs are that business people and enterprises have been reluctant to take up these new opportunities and responsibilities, whether representation on school or health boards, the funding of City Technology Colleges or increased emphasis on occupational pensions. These issues are explored in more detail in the empirical section of the thesis.

6. THE STRUCTURAL POWER OF CAPITAL

6.1 INTRODUCTION

The aim of this chapter is to investigate the extent and variability of business structural power in the UK in recent years. It attempts to gauge the changing structural context by focusing on key indices of structural power, based on those mechanisms already outlined in Chapter 1. Before considering these measures of structural power, the chapter will first outline the methods and measures used in this part of the study.

6.2 METHODS AND MEASURES

Several indicators of the extent of structural power are considered here: control over investment, capital mobility, power over workers and state revenue dependency. Ideological power is less measurable, but in any case could be said to evolve out of structural and agency power relationships between capital and other actors, and so will be ignored here.

Capital's first source of structural power is its control over capital investment. But private business is not the only agency undertaking fixed capital formation: the state, non-profit agencies and households also do so. An index of its importance is the share of private investment in total investment and in GDP. Since most household investment is in domestic dwellings with no direct impact on productive capacity, this should be excluded from the total. More important than this as an indicator of structural power, however, is the extent of capital mobility. To measure this indicators are needed of the constraints over capital mobility between political jurisdictions and of the extent of capital flows in practice. Foreign Direct Investment figures are a useful indictor here.

Second, the relative power of capital vis-à-vis labour and other sectors in civil society can be assessed using a variety of indices. First, a surplus of potential workers over jobs will undermine labour and enhance capital; the rate of unemployment is a basic if crude index of capital's power relative to labour. Second, the lower the cost of job loss, the greater will be labour's ability to stand up to capital over wages and/or conditions of work. This will be affected by the existence of alternatives to wages, notably the generosity, coverage and access to public welfare benefits in cash and in kind. Esping-Andersen's (1990) concept of decommodification is directly relevant here. Third, the ease with which capital can control, hire and fire labour is also crucial in affecting profitability. Labour has two countervailing powers to set against capitalist control over the labour process. One consists of state regulation, discussed below. The other comprises trade unions. Extensive trade union membership and cohesive union organisation not only enhance the relative agency power of labour but also can be interpreted as a constraint on both the structural and agency power of capital.

This leads on to the structural power of capital vis-à-vis the state and in particular its taxation and regulatory activities. As regards taxation, it is frequently argued that the share of taxes levied on business will inversely reflect the structural power of capital. This sentiment was expressed by the OECD in 1991 and more recently in 1997:

> The growing integration of capital markets world-wide has reduced governments' ability to tax mobile capital. The result is that social protection expenditure is predominantly financed by taxes on labour (OECD, 1997: 10).

Direct taxes on profits or corporate income should, if this is true, be reflected in the changing relative share of taxation levied on capital. Employers' social security contributions would be expected to decline, and the contribution of income and indirect taxes to social security and other welfare expenditure would be expected to show an increase. The problem is that taxes on corporations are difficult to assess accurately. It is also difficult to take such taxation at face value since companies may attract government subsidies which may offset concerns they have about high taxation levels. Moreover, the actual level of taxation paid will, of course, increase with profits (hardly a measure of declining power). Because of the complexity of taxation issues, adjustments in the levels and ways it is levied also have unforeseen consequences for governments. More will be said about these issues in the relevant section below.

6.3 RESULTS

Now that the methods and measures of structural power have been outlined it is possible to identify and review a range of indices which relate to these forms of structural power and which help to indicate changing levels of business structural power over the 1970s and 1980s. Drawing on some comparative data will reveal the relative position of the UK vis-à-vis other nations. The discussion begins with investment.

Control over investment

If control over investment is a key source of business power over society and state, then the share of such investment in total investment should provide a critical measure of its variability. The higher the share of investment undertaken by the private sector, the greater the dependence of the state and labour on the investment decisions of capital.

Table 6 shows the shares of total fixed capital formation undertaken by the public and the private sector (the remainder is by the household sector). Since the mid-1970s public investment has fallen from over 25% to just over 12%. The share of private corporate investment meanwhile has risen from 62% to almost 69% in total. The control of capital in general over investment within Britain has expanded. Hence there is increased dependency on business investment and therefore greater consequences for the nation if capital chooses to reduce or shift investment.

Just as structural power increases as the ratio between private and public investment increases, there is also an important relationship between overall levels of investment and structural power. Since both governments and labour depend on investment for jobs and revenue, the point at which investment dips below what is necessary to maintain jobs and revenue is the point at which structural power increases. The reason for this, of course, is that a fear of job shortage will encourage labour to defend, or at least not challenge, the interests of capital.[16] Conversely, where investment reaches levels which are enough to create higher levels of employment, structural power decreases as the relative power of labour increases (as will be illustrated below). To be clear, structural power increases as the ratio of public to private investment increases, and as levels of investment either decrease, or are likely to decrease.

Table 6: Composition of gross fixed capital formation (% of total gross fixed capital formation) UK

	1975	1980	1985	1990	1995
Government	25.4%	14.5%	11.2%	12.0%	12.3%
Corporate	62.1%	68.0%	61.8%	63.7%	58.3%
Foreign			7.6%	15.2%	10.6%

Source: OECD Statistical Compendium (National Accounts) 1997, Paris, OECD; Table 1; OECD International Direct Investment Statistics, 1996, Paris, OECD

Capital mobility and opportunities for exit

The extent to which this has increased **domestic** capital's 'institutionalised right of capital withdrawal' will also depend on the extent of foreign investment in Britain. Table

[16] This is an argument put forward by Vogel (1996) to undermine the structuralist position

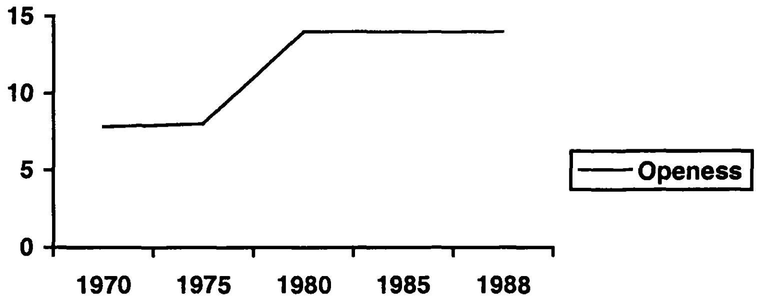
6 illustrates the growing significance of foreign capital investment in the UK as a percentage of all investments. Foreign investment doubled in significance between 1985 and 1990 before falling back slightly. Table 7 shows the net level of foreign direct investment in the UK, both inward and outward respectively. What is clearly illustrated here quite clearly is the growing significance of FDI in the UK, and in particular, the increasing importance of foreign direct investment when compared with its major competitors. The UK not only has the highest level of inward FDI as a percentage of GDP than its major competitors, receiving almost 25% of total inward investment into Western Europe (Held, 1999: 249), but also has the highest level of outward FDI, more than doubling the figures for the next largest country amongst its major competitors. Added to this is the fact that, presently and historically, the UK has generally low levels of total business investment. Against this background, the UK is more likely to want to try to attract inward investment in order to make up for relatively low levels of domestic investment. Policy is made and implemented within this context. Ultimately, it must be geared towards the encouragement (or at least guard against the discouragement) of domestic investment and retaining and encouraging mobile capital.

Table 7: Inward and Outward FDI stocks as a percentage of home country GDP, 1980-1994

	Inward FDI			Outward FDI		
	1980	1985	1994	1980	1985	1994
UK	11.8	13.1	18.2	15.0	19.3	26.4
US	3.2	4.4	7.2	8.5	5.5	9.0
Germany	4.6	5.0	7.4	8.0	8.1	9.9
Japan	0.3	0.5	0.7	1.8	6.2	9.9

Source: Held et al 1999: Table 5.12, p.275

A further obvious determinant of mobility is state regulation. Figure 4 presents a summary measure of national restrictions on capital mobility in the UK. This illustrates the UK's move towards the deregulation of financial flows since the mid 1970s. According to this method of calculating financial openness devised by Quinn and Inclan (1997), the UK is the only country of its major competitors to have moved so decisively towards deregulation. The ability of the UK to control financial capital is thus weakened, though the abilities of all countries are declining.



source: Quinn and Inclan, 1997

Figure 4: UK Economic Openness, 1970-1988

Power over workers

It is possible to employ three measures of the relative structural power of capital vis-à-vis workers: unemployment, trade union membership and levels of decommodification of labour. Although strictly speaking labour organisation is a form of agency, it is included here since this is a thesis about business power generally and because organised labour may reduce business' structural power (by encouraging states to more carefully balance the interests and demands of business and labour). With regard to the first indicator of relative structural power, unemployment, this provides a basic measure of the power of capital vis-à-vis labour. A loose labour market weakens the bargaining power of workers, *ceteris paribus*. Moreover, high levels of unemployment reduce the ability of labour to find new employment if investment falls, and for the same reason, is more likely to persuade governments of the need to retain old, or attract new, investments. Table 8 suggests that the relative power of capital continued to rise with each of the three time periods since the 1960s.

Table 8: Unemployment 1963-1996, and trade union density, 1980-1994, in the UK

	1963-73	**1974-85**	**1986-96**
Unemployment rates (%)	2.2	6.7	8.5
	1980	**1990**	**1994**
Trade union density (%)	50	39	34

Source: OECD, Employment Outlook, July 1997, Table 3.3, Paris: OECD

The second measure, a low concentration of union membership, will, *ceteris parabus*, weaken the bargaining position of labour, and make it less likely that unions will engage in the lengthy battles necessary in order to win concessions from employers. Thus, employees are less likely, and less able, to challenge the hegemonic position of capital. Table 8 illustrates clearly the fall in trade union density since the 1960s. Third, the opportunity costs to labour of unemployment have also to be taken into account. These will be primarily affected by the extent to which the welfare state enables workers and their families to sustain a socially acceptable standard of living regardless of their ability to participate in the labour market. If social citizenship rights in part supplant market distribution, then the structural dependence of labour on capital is reduced. Esping-Andersen (1990) constructs various indices of 'de-commodification' to measure this. The extent to which unemployment benefits decommodify labour, in his study, is based on unemployment benefit replacement rates, the duration of benefits, the proportion of workers covered by the various schemes and some other measures of eligibility. Table 9 presents his overall decommodification (the higher the score the more decommodified the economy) score for the unemployed in 1980 together with an imitation score calculated for 1992 by Fawcett and Papadopoulos (1997). Together they show that for Germany and France the decommodification of labour increased over the period. However, the UK, together with Italy, moved in the opposite direction - labour was partially re-commodified in the 1980s. On this basis, the structural power of capital over labour was reinforced in the UK.

Table 9: The decommodification potential of unemployment insurance, 1980 and 1992. Esping-Andersen index.

	1980	1992
UK	7.2	6.8
France	6.3	11.3
Germany	7.9	11.6
Italy	5.1	3

Source: Fawcett and Papadopoulos, 1997

State revenue dependency and deregulation

A good starting point here is the ratio of public debt to GDP as a measure of state revenue dependence on international financial markets. As Table 10 shows, on this measure the UK has been remarkably successful in reducing dependency, especially when compared with other countries.

Table 10: State indebtedness: debt/GDP 1965-1990

	1965	1975	1990
UK	81.7	63.7	34.7
France	53.1	41.1	46.6
Germany	17.3	25.1	43.6
Italy	35.4	60.4	100.5
Japan	0.1	22.4	69.8
USA	52.1	42.7	56.2

Source: Alesina and Perotti 1995: Table 1; OECD Economic Outlook: Statistical Compendium, , 1997, Paris, OECD

Turning to taxes, states may tax the household or business sector. Here the focus is on the business share of taxation. Table 11 shows that this increased in Britain to 1985 but has since then begun to decline. Even more important than this, however, is the fact that, in an international context, corporate taxation (combining direct taxes and SSCs) is relatively low in the UK.

Moreover, in the UK at least, corporate tax reform over the 1980s was, according to Steinmo (1993: 175-178), geared towards reducing overall corporate taxation levels, but at the same time was intended to increase investment and reduce the extent to which the previous system had favoured industrial over financial capital. The Government stated in 1982 that

> The international aspects of business taxation are becoming increasingly important in their own right. It is not simply that many businesses are now organised and operated on an international basis: but also that many businesses which are regarded as — and indeed are — primarily domestic do have important overseas operations. The UK system of company taxation must be capable of application to multinational concerns, overseas shareholders and so on. It must also command a degree of acceptance from the international community . . . Any major change in the level or incidence of tax on company profits would affect the balance of advantage between the United Kingdom and other countries ("Criteria for Change" Green Paper (1982) cited in Williams 1991).

Thus, changes in taxation policy were heavily influenced by structural considerations regardless of their actual outcomes. Perhaps this also explains Government policy of cutting the level of corporation tax which was 52% in 1980 but had been reduced to 33% by the time the Conservatives left office (and has since been cut to 30% by the Labour Government). Since the actual level of taxation collected increases with profits – the actual rate at which it is levied provides an even more useful indication of the power of capital.

Table 11. Corporate taxation. % total taxation. 1965-94.

	1965	1970	1975	1980	1985	1990	1994
A. Corporate income taxes							
UK	7.1	9.1	6.7	8.3	12.5	10.8	8
France	5.3	6.3	5.2	5.1	4.5	5.3	3.7
Germany	7.8	5.7	4.4	5.5	6.1	4.8	2.9
Italy	6.9	6.5	6.3	7.8	9.2	10	8.9
Japan	22.2	26.3	20.6	21.8	21	21.6	14.8
USA	16.4	13.2	11.4	10.8	7.5	7.7	8.9
EU 15	6.9	6.8	6	5.8	6.4	6.8	6.4
OECD	8.9	8.7	7.5	7.5	7.8	7.6	7.5
B. Employers' S.S.C.s							
UK	7.6	7.1	10.3	9.5	9	9.9	10
France	25.3	26.6	29.3	28.4	28	27.2	26.8
Germany	14.4	16.1	18.3	18.4	18.9	19.1	19.9
Italy			36.8	28.4	24.8	23.6	20.8
Japan	9.5	11.6	15.1	14.8	15.4	15	18
USA	7.6	8.5	10.9	11.9	13.7	13.4	13.3
EU 15	12.7	13.9	18.4	18.6	17.3	16.7	16.3
OECD	10	11.1	14.4	13.9	13.3	13.2	14.4
C. Total							
UK	14.7	16.2	17	17.8	21.5	20.7	18
France	30.6	32.9	34.5	33.5	32.5	32.5	30.5
Germany	22.2	21.8	22.7	23.9	25	23.9	22.8
Italy	6.9	6.5	43.1	36.2	34	33.6	29.7
Japan	31.7	37.9	35.7	36.6	36.4	36.6	32.8
USA	24	21.7	22.3	22.7	21.2	21.1	22.2

EU 15	19.6	20.7	24.4	24.4	23.7	23.5	22.7
OECD	18.9	19.8	21.9	21.4	21.1	20.8	21.9

Source: OECD Revenue Statistics 1965-95: Tables 13, 19, 1996, Paris: OECD.

Lastly, it is useful to consider business regulation by nation states. A whole range of regulations exist (such as controls over capital mobility, employment practices, product standardisation, pollution etc.) though here it is possible to concentrate only on one: state regulation of labour markets.

Table 12 presents an index of the strictness of employment protection regulation calculated by the OECD. This clearly illustrates the relatively low controls over UK labour markets compared with other countries. Only in the US were controls lower.

It is possible to conclude that, overall, the structural power of capital over the major nation states of the OECD has grown in the 1980s and 1990s. National and international regulation of financial flows has been cut back and state borrowing has risen. The trend of employment regulation has been downwards, though at very different rates, while the taxation of business has not declined; rather tax rates have been cut at the same time that the tax base has been broadened. Britain exhibits the sharpest decline in relative state power, although it alone has sharply cut back government borrowing. However, we may expect more recent figures to show this process underway as convergence conditions of the Maastrict Treaty are met. In general then, whilst comparative figures are not presented for all countries here, there are signs of an increasing structural power of capital over the past 20 years or so. No nation state exhibits the increase in structural power that the UK exhibits, however. Moreover, no other state is as dependent on structurally powerful capital as the UK has now become.

Table 12. Strictness of employment protection regulation

	Strictness of EPL
	1989
UK	2.25
France	9.5
Germany	12
Italy	14.25
Japan	3.71
USA	0.36

OECD 1994: table 6.7

6.4 SUMMARY AND CONCLUSION

This chapter has demonstrated that business structural power has been increasing in the UK in recent years. This fact is important when gauging the overall level of business power, and when gauging levels of agency power since, in the political arena, both forms are interrelated. Structural power provides the context within which business acts and to some extent, determines the need for organisation in order to defend business interests. As this chapter illustrates, however, different fractions of capital may be more structurally powerful than others, hence, action may be required by rival capitalist interests.

The real importance of these indicators becomes clearer still when the implications that flow from each of them are combined. To gauge their real significance it is worth again highlighting the main findings from the discussion above. The situation in the UK can be summarised as follows: 1) structural power is variable over time and between business sectors; 2) overall levels of business structural power in the UK have increased since the mid 1970s. However, just as structural power is variable, so the extent to which structural power impacts on social policies is likely to be variable, both over time and between services. Those policies that contribute to profits are less likely to be threatened than those that undermine profitability. But the fact remains that the UK has been increasingly competing on the grounds of a low-skilled, low-waged equilibrium, which itself increases structural power. Firms that are attracted by such policies would be likely to dis-invest if the government tried to impose greater regulations or social costs on them. Even the likelihood of this may be enough to prevent increases in taxation or social provision.

The UK stands out in most respects from other major countries in the speed and extent of the resurgence of capital's power. Weak levels of domestic investment have been accompanied by historically high inflows and outflows of capital – having the effect of increasing the UK's dependence on mobile capital. Trade unions have been significantly weakened. Deregulation of markets has been extensive and the cushion of welfare benefits undermined. Though it has not been considered here, the ideological drive of the Conservative governments has clearly had a part to play in this whole process. In this respect, the enlargement and variation of capital's structural power owes much to neo-liberal ideology, though given the impact this has had on structural power, it would be difficult to reverse this advance in the short term.

7. NATIONALLY ORGANISED BUSINESS AND SOCIAL POLICY: THE CONFEDERATION OF BRITISH INDUSTRY

7.1 INTRODUCTION

The thesis now turns to consider agency by focusing on the attitudes of the CBI towards social policy. Following earlier discussions surrounding the question of business influence, this chapter focuses on the CBI's interest in, and attitudes towards social policy. It also documents the CBI's attempts to influence social policy, and investigates potential influence, though these are less central themes in the chapter.

7.2 METHODS

Documentary analysis offers the best method of addressing the main questions of the study especially since the CBI archive in the Modern Records Centre (MRC), Warwick, holds a vast collection of relevant material to draw on. A mixture of published and unpublished documents were used, though the majority of unpublished papers for the period were unavailable due to lengthy holding periods of up to thirty years.

According to Scott (1990:22) documentary analysis raises a number of methodological issues relating to their validity and reliability. First, we have to ask how authentic these documents are. This is unproblematic here since the material used has been recently published, is in its original format, and is uncorrupted. Second, we need to establish how far documents produced by the CBI are actually representative of the CBI: whether they represent the views of the organisation or their authors. It is also important to ask how far they reflect present or past policies since many documents are produced in response to historically specific events. Overcoming these problems involved the use of as broad a range of papers as possible, and attempts to separate personal opinion from CBI policy. This is where the regular publications of the CBI - CBI News and the Annual Reports - are useful since they publicise current CBI policies and provide indications of whether particular views are, in fact, genuine CBI policy and are views which are widely shared within the organisation.

Documents used

Three main document types were used in the study. First, the **CBI News,** which is the regular journal sent out to members. It was published fortnightly until 1984, but since then has been published monthly. It has articles reporting on current affairs, economic news and government policies which are relevant to the business community. It also includes items explaining current CBI activities and policies. In terms of the sample size, every issue of CBI News between 1980 and 1995 was scrutinised. Second, the organisations' **Annual Reports** dating from 1979 to 1995/6 were also used. These are useful in that they include, alongside financial accounts, a review of the past years activities as well as future projects. Various **occasional papers** formed the third, and most important, document types. These included commissioned papers of the CBI, aimed at members, key officials or Ministers, evidence to government committees, and informative documents to members on legal or technical matters.

7.3 THE NATURE AND FUNCTION OF CBI PUBLICATIONS

I turn now to examine the role and function of the CBI's occasional papers. It is possible to categorise them into three broad function categories: internal, external primary, and external secondary (see Table 13). **Internal Functions** relate to those activities of the organisation which service its members' needs. These functions in turn can be divided into two: those relating to needs of members as individuals and those which relate to the needs of members as businesses. Those relating to the needs of businesses include meetings or literature designed to offer advice to businesses on legal matters or on policy changes which affect their organisation. Those activities which relate to the needs of members as individuals may include advice on private pensions or health care schemes.

Table 13: The functions of the CBI's occasional papers

INTERNAL FUNCTIONS: Through Periodicals, Conferences, Regional Meetings, Occasional papers.
Provides technical and legal information for members, for example: how to implement government policies, fulfil health and safety requirements, invest in most profitable areas etc. Provides information to members on current official CBI policy. Prompts members to contribute to discussion in certain areas, for example in relation to government proposals. Also provides local and national forums to gauge member opinion. Publicises information on forthcoming events and other services available to members.
EXTERNAL PRIMARY FUNCTIONS: Through Occasional papers, Direct Evidence to Committees, Press Releases, documentation forwarded to opposition Parties etc.
Documents produced in order to directly influence policy makers on particular policies, or to set political agenda. Could be directed to national or local government. Evidence to government committees Meetings / Correspondence with key officials. Membership of local bodies / partnerships / quangos
EXTERNAL SECONDARY FUNCTIONS: Through Periodicals, Conference, Regional Meetings, Occasional papers.
Encourages members to get involved directly in the policy process, for example, by becoming MPs, or local councillors, in lobbying local and national government (for example in relation to local / national taxation) and by encouraging members to join with other organisations in order to represent business, for example on local quangos.

External Primary Functions describe those documents which are used as part of the process of influence. As well as producing papers which are clearly aimed at government, the CBI also produces information to better inform and arm the opposition (Grant and Marsh, 1977: 114). Additionally, the CBI is able to use its documents to present evidence to government, or to committees, and is increasingly able to use the media to put its views across. Such activity has increased in recent years as the CBI has been given greater coverage, and the main political parties have fought for approval from the business community. The importance of such documents are made clear in various Annual Reports. The 1985 Report stated that, as part of the 'influencing' process, 'CBI publishing again featured as an integral part of putting the business case across'.

External Secondary Functions relate to those publications whereby the CBI attempts to increase the influences of business by actively encouraging its members, both as individuals and as organisations, to get involved in the policy making and policy implementation process. For example, the CBI encourages firms to release staff so that they may stand for election, whether that be on a national or local level; encourages members to become actively involved in quangos such as local TECs, and encourages them to become active in the lobbying process at local, national and European level. The discussions below draw on these various function categories.

Interest in Social Policy

A simple measure of CBI interest in social policy can be gained from the volume of publications released which relate to each of the key areas of welfare. Of the range of social policies, education and training receives by far the most interest from the CBI. As can be seen from Table 14, the number of papers published in social policy areas other than education and training between 1980 and 1995 totalled just 5. Publications relating to education and training issues, on the other hand, numbered 21 (see Table 15).

Table 14: Papers Published 1980-1995 by policy Type.

Policy Area	No. Of Occurrences 1980-95	Year(s) published
Education and Training	21	See Table 15
Housing	0	
Health	0	
Social Security	3*	1980, 1984, 1991
Mixture of Social Policy Proposals	2	1980, 1982
Total	26	

* 1984 paper, MSS.200/C/4/84/7 *Pensions Policy for the Future* includes Evidence to 1982 CBI Evidence to the Social Services Committee's Inquiry into the Age of Retirement and the 1984 Special Inquiry into Pensions Provision.

Table 15: Number of Occasional papers Published 1980 -1995

Year	No. Education/ Training papers	Total Published Papers
1980-1981	0	22
1982-1983	2	36
1984-1985	0	49
1986-1987	1	45
1988-1989	8	44
1990-1991	1	34
1992-1993	3	38
1994-1995	6	21
Total	21	289

Table 15 compares the number of papers published in education and training with other publications, and illustrates that education and training makes up around 7% of the total. There appears to be little correlation between the number of papers published within the education and training field, and the total number of papers published each year, suggesting that the CBI's interest in education and training is not determined by its access to resources, but by other factors.

If we now take a year by year look at the release of education and training papers, an interesting pattern emerges. A total of 21 occasional papers relating to education and training between 1980 and 1995 were published. A significant proportion of these - namely 8 - were published between 1988/89, whilst a further 9 were published between 1992-1995. What is significant about this time period is that, at the same time, the Department of Education (DoE) was also putting in place a series of measures aimed at changing the way education and training services were delivered in Britain. In 1988, for example, it introduced its radical Education Reform Act.[17] Much of the time between then and 1995 was spent operationalising the main proposals of 1988, and developing its plans for the establishment of TECs and NVQs, two areas seen to be of particular importance for employers. The key point here is that, on this basis, the CBI

[17] The 1988 Education Reform Act introduced the national curriculum; compulsory testing at 7, 11, 14 & 16; and allowed schools to opt-out of LEA control.

appears to respond to government initiatives rather than initiate its own policy strategies.

Categorising the documents according to their function type reveals more about them (though some publications were difficult to categorise in this way since they had more than one function and so had to be counted twice). As clearly illustrated by Table 16, just under half of the papers were aimed primarily at members: being explanatory leaflets of policy changes or details of membership services etc. Eleven papers, all of them published since 1988, encouraged CBI members become more actively involved in the shaping and delivery of local educational and training services. Four papers were aimed primarily at influencing government and were released in the years 1988-89 and 1994-95.

Table 16: Occasional papers relating to Education / Training between 1980-1995 categorised by function type

	1980-81	1982-3	1984-5	1986-7	1988-9	1990-1	03/02/91	1994-5
Internal		2		1	4	1	1	3
External primary					5		2	4
External secondary					2			1

What this highlights is the tendency of the CBI to *respond* to government policy rather than attempt seriously to initiate it themselves. It also suggests a much greater reliance of the CBI on individual members as the representatives of business interests than has been previously acknowledged. This is discussed in more detail below. A similar picture to this emerges from the CBI's Annual Reports and CBI News. Whilst there exists a significant interest in education and training policy within the CBI, there appears to be little in the way of new initiatives on the part of the CBI which indicate the preferences of the organisation regarding the future direction education.

7.4 THE VIEWS OF THE CBI ON SOCIAL POLICY AND THEIR POSSIBLE IMPACT

The following section focuses more specifically on CBI views in a range of social policy areas: education and training, housing, social security, health, and labour market and child-care issues. The CBI's views on general state-spending are also considered.

Education and training

As already outlined above, the CBI demonstrated by far the most interest in education and training issues during the period in question. The CBI has argued for improved educational standards in order to raise competitiveness, and has supported key government initiatives such as increased testing and standard assessments (March, 1981; Nov. 1989). It has also pushed for the setting of national educational attainment targets which the government has subsequently accepted (Nov. 1988: 124-5). It also argued that higher numbers should achieve GCSE grade Cs or above and A levels - or their equivalents, with almost everyone achieving level 2 NVQ by 1995, with half of young people achieving level 3 NVQ or equivalent (2 A levels) by the year 2000. Within the world of work, the CBI wanted to see half of the workforce aiming for new NVQs by 1995, and 50% of workers to have qualified to NVQ level 3 by 2000 (ibid.). The CBI has consistently argued for a greater emphasis on vocational education and training in both compulsory and post compulsory education (March, 1981; Sept, 1988; CBI News, 29.4.88; CBI News, 31.3.89: 3). It argued in 1989 that a:

> more responsive vocational education and training system is required to raise foundation skills levels and put us on at least equal terms with our main competitors as we move towards an integrated European market in 1992 (CBI News, 31.3.89).

Since it was perceived to be moving in this direction, the 1988 Education Reform Act was welcomed.

> The Education Reform Act is a milestone in education provision, likely to have a major impact on young people and the economy. It includes a number of major changes to the education system, many of which have been advocated by the CBI for a number of years. The CBI has been closely involved in the consultation over the development of the national curriculum and particular attention has been paid to ensuring that full weight is given within each subject to the importance of the application of skills and development of attitudes as well as factual knowledge. (Annual Report, 1988)

The CBI also welcomed the introduction of new vocational qualifications in the early 1990s.

> The CBI was closely involved with the NCVQ (National Council for Vocational Qualifications) in its work on core skills. Three core skills – communication, numeracy and information technology – were included in the new GNVQs, representing an important breakthrough for CBI lobbying over three years (Annual Report, 1992:17).

A greater role for business, and a reduced role for local authorities has also been advocated in the running of schools, with the growth of the grant maintained sector winning particular approval (September (a) 1988). Encouraging active business involvement in schools has been a key policy, with the CBI, alongside government, stressing the importance of an educational system which was more sympathetic to the needs of business. To this end, the CBI developed its Understanding British Industry (UBI) initiative. This was designed to help foster business-education partnerships, developing placements for school children and exchange programmes between teachers and managers in business in order to foster better relations and greater understanding of the roles and difficulties of each (CBI 1977). According to the CBI, the UBI initiative was providing around 38,000 industrial placements a year for teachers (Annual Report,1995: 19). The objective of the UBI project was to ensure that:

> the teachers' experience has a direct effect on the content and quality of education provided for their pupils (1989: 29).

The CBI also places great emphasis on the involvement of individual businesses and business people in education in order to steer it towards the needs of business. Its position here has not changed since the early 1980s.

> There must be closer links between school and industry so that potential employers can help teachers and children to understand the nature of business and working life, the opportunities that are available and the basic skills which will be required. (CBI, March, 1981: p33)

> The business community must be encouraged to increase its involvement with educational organisations. Employers have a direct opportunity to influence the skills output of schools and colleges, improve the image and attractiveness of careers in the manufacturing and engineering sectors and encourage more pupils to study technical and scientific courses (CBI, 1996).

Just as the CBI was relatively clear about the role of business in education and training services, it was equally clear about what roles central and local government should play. As already indicated, the CBI felt that LEAs need not play an active role in education since schools should be directly funded by central government though self-managed. Central government would be needed, however, to set overall standards and curricula for schools (Sept. 1988). Whilst the introduction of the market in schooling was useful to an extent, the CBI clearly felt that controls were necessary, if for no other reason than to ensure that schools delivered a more business-friendly education. In this respect, CBI policy on schools closely mirrored that of the government.

CBI policies regarding further and higher education have been a little more critical of central government. Important to the CBI has been the encouragement of a demand-led rather than finance-led expansion in post-compulsory education to serve the needs of industry (June, 1994). The CBI therefore condemned cuts particularly in higher education spending over the 1980s. In 1985 it wrote:

> To remain competitive, business needs increasing numbers of well trained and educated graduates. Responding to the Government's green paper on Higher Education into the 1990s, the CBI expressed concern at the squeeze on higher education. While supporting the governments drive to increase efficiency, modernise management and achieve cost effectiveness in HE, the CBI warned that teaching staff morale and resources were being undermined by the indefinite prospect of yearly cuts in resources, and ultimately the wealth creation process would suffer (Annual Report, 1985: 13)

The CBI wrote to the Education Secretary in 1986 outlining that cutbacks in higher education had gone far enough, and that industry could not be expected to make up the shortfall (CBI News 7.2.86). It was not until 1994 that the CBI felt it could claim a victory in its opposition to spending cuts in HE, however.

> The Government acted on the CBI's recommendations, supported by others, to review higher education structure, size and funding, in order to enable further expansion to take place [CBI Annual Report 1994: 3].

Just as in schools, a key policy has been to try to encourage greater links between educational institutions and local business people. In doing this they were supported by the government as the following demonstrates.

> It is in your own interest as employers to ensure that the future workforce is well educated and trained in the skills you need. And by becoming college governors you will have a direct and worthwhile influence on the quality of provision in your local college. [Robert Jackson, Higher Education Minister, cited in CBI News 22.1.88)

This emphasis on a more strategic role for employers in education and training services has, therefore, been a key theme in CBI policy since the early 1980s (Dec. 1981; September (a) 1988; CBI News, 20.11.87). Shifts in compulsory and post-compulsory education have helped to facilitate this, but perhaps more important has been the development of Training and Enterprise Councils. The CBI has, since the beginning, supported the development of TECs, though it has argued for them to be better funded and given more autonomy to develop strategies to solve the problems of training (July 1989). Training, it argued, should be employer rather than provider led, and should be determined by local business needs not by government (ibid.). Again, the CBI has sought to encourage greater business involvement in the work of TECs (July, 1989; CBI News).

The CBI has also called for greater freedom for individuals to 'purchase' their own training via a system of Training Credits. Such a scheme would work similarly to other voucher schemes, whereby 16 to 18 year olds would be given credits to spend on training within recognised establishments, including businesses themselves. The objective was to create:

> A market for training so that individuals and employers are better able to influence the training on offer. Government should fund individual credits for all 16-18 year olds to cover the cost of learning associated with courses leading to NVQ Level III or its academic equivalent (CBI News, Nov. 1989).

In line with this policy suggestion, the Government first announced their intention to pilot such a scheme in 1990, and then later in 1994. The CBI has stressed its own role in this (CBI News, 1995, February: 12).

> The Competitiveness White Paper picked up the CBI proposal for a study of the practicalities of piloting financial learning credits for all 16-19 year olds [CBI Annual Report, 1994]

It is difficult to assess to what extent the CBI is right to claim these victories in education and training policy. It is true to say, however, that the Government and the CBI have followed broadly similar education and training policies over the 1980s and 1990s.

Social Security

Since they have generated most interest, pensions are discussed first before moving on to other forms of social security. The main focus of the CBI, as far as pension schemes are concerned, has been the quality of private schemes available to business people. Discussion, for the most part, has been undertaken within CBI News rather than within occasional papers. There have been exceptions to this, however, including the CBI's published evidence to the '1982 House of Commons Social Services

Committee's Inquiry into the Age of Retirement', and the '1984 Government inquiry into pensions provision'.[18] Three main proposals came out of this evidence: 1) present levels of state provision **could** be maintained for the foreseeable future, but that 2) a three tier approach should be developed whereby a minimum state pension would provide a safety net, whilst the upper tiers should be made up of a combination of occupation pensions and / or earnings related elements, and private provision; 3) pension schemes should be made more flexible in order to cater for a flexible retirement age around the age of 65. Although proposing an alternative second and third level pension in 1982, however, the CBI defended the SERPS element of state pensions in 1985, opposing its planned abolition. This opposition from the CBI who, alongside pension companies and the Engineering Employers Federation feared the consequences of a sudden expansion in private provision (see discussion in Chapter 5), is seen as being instrumental in the government's back-down in their proposals. This much was also later acknowledged by the then Secretary of State for Social Security, Norman Fowler (see discussion in Chapter 5) and in a recent government report (Budd and Campbell, 1996). Not surprisingly, the CBI wished to portray its perceived success to its members at the time.

> The Government originally wanted to abolish SERPS, but has bowed to pressure from the CBI and others and is now retaining it in modified form. [Pensions Switch Will Hit Costs, CBI News 2 May 1986 p3]

An important consideration behind the CBI's opposition to the abolition of SERPS was the short-term disruptions and costs which would be caused to its members, particularly those larger companies with unions that would be likely to press for improved occupational provision. The CBI felt that the rapid abolition of SERPS (the Government proposal was to end SERPS for the young within 3 years) and compulsion to take out occupational or private provision, would place too much burden on employers. The CBI's longer term view, however, was less protective of SERPS provided that the transitory costs were met by individuals and not industry. This is clear from its response to the 1982 committee.

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[18] Evidence to both Committees was released in April 1984

against an uncertain economic future, it is important for the Government not to add further cost burdens to the state and occupational pension schemes, but rather to allow people more choice in the extent to which, and ways in which, they wished individually (and at their own expense) to top up their provision for retirement (CBI Evidence to the Government's Special Inquiry into Pensions Provision, 1984, April: p7).

It is also clear from the 1985 Annual Report.

The CBI campaigned strongly against the proposals for reforming pension provisions which would have reintroduced uncertainty into the provisions of pensions and led to increased employment costs. Disappointment was expressed that the opportunity had been missed to undertake a fundamental reappraisal of social security arrangements.

A gradual movement towards voluntaristic occupational or private schemes would, however, remove the threat of additional costs on employers, and allow all interests to better prepare for any changes. Perhaps this is why the measures eventually introduced in the 1986 Social Security Act - to reduce SERPS from 25 to 20 per cent of lifetime earnings (rather than the best 20 years) – which would affect those retiring after 2001 - were more acceptable to the CBI.

The third proposal outlined above - the flexible retirement age - has become a familiar argument of the CBI. Interestingly, however, the policy has been presented in two contrasting ways. In 1981, for example, during a period of economic downturn, the emphasis of the CBI was on allowing employees to retire early, and so assisting employers to shed labour (1981, March (a):36). During the relative prosperity of 1988, however, and concerns about labour shortages, the organisation argued that a flexible retirement age from age 60 to 70 would allow employees to retire later if they so wished – helping employers in the process, of course (CBI News, 29.4.88: 4).

One of the most successful campaigns launched by the CBI in social security was its response to the government's proposals to changes in sickness benefits already outlined in Chapter 5. In brief, the CBI favoured the idea that businesses should gain a greater interest in, and greater control over, sickness benefits, but at the same time, did not want the full cost of such benefits to be borne by business (1981, March(b)). The Government initially proposed to push most of the costs of statutory sick pay (SSP) onto employers, but when the Bill finally came to Parliament, lobbying by employers organisations including the CBI had forced the government to water down the main proposals so that the full costs would be reimbursed. Key changes introduced to the earlier Act in 1991 (which reduced the reimbursement to 80%), also brought heavy lobbying from the CBI. Here again the organisation made a great deal out of its perceived victory in this policy area. Under the heading of 'Statutory sick pay: a case study in CBI lobbying', the organisation concluded in 1991 that:

> CBI lobbying . . . has averted the threat to industry of being burdened with the full cost of statutory sick pay. . . The CBI sought a meeting with Tony Newton, the social security secretary, to ensure that industry's concerns were raised. . . . The Christmas recess during the House of Lords stages allowed Peers to consider the Bill more fully. Opposition to the Bill was widespread, cut right across party lines and drew strongly on CBI briefings. . . . With strong encouragement from the CBI. . . . the power to vary the reimbursement figure without further primary legislation was removed from the Bill by an alliance of Peers from all sides of the House. [CBI News April 1991 pp. 16-17].

It is interesting to note here the role of the House of Lords in achieving these amendments to the original Bill. Its direct lobbying of the government and of the Commons was clearly less successful, and its 'victory' was really down to the Lords. This emphasis on the second chamber is clear from the following statement.

> the Lords sought to increase the reimbursement percentage from 80% to 91% - to make the package of changes cost neutral – as well as to insert a formula to protect smaller firms . . . . However, the last two amendments were reversed by the Government when the Lords' amendments were considered again in the Commons. . . . The Lords gave way rather than provoke a constitutional crisis. But the Government did concede slightly more generous relief to the smallest firms. (F)urther moves of this kind – whether to reduce again the reimbursement of SSP or to shift across the costs in similar cases . . . can be expected to raise similarly strong objections and adverse publicity (CBI News April 1991: 16-17)

The Government climb-down in the early 1980s clearly did not last long, which probably explains the CBI's greater reliance on the Lords in 1990. Even this later 'victory' did not last, however, as today larger employers have become responsible for the full costs of SSP (providing this do not exceed 13% of the total NI contributions).

Other indications of CBI opinion in the area of social security is provided by its response to the *1985 Green Paper on Social Security Reform.*[19] The green paper proposed a number of changes including the replacement of Social Security with Income Support, reductions in housing subsidies and changes to maternity benefits, though the CBI did not comment on these. The CBI did make clear submissions,

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[19] Detailed in HOC Reference Sheet no. 85/6, Social Security Reform Responses to the Green Paper, November 1985, cmnd 6875

however, with regard to pensions (already discussed above) and the proposal to replace Family Income Supplement with Family Credit. It was proposed that Family Credit be paid through the pay packet to those working up to 24 hours per week (where previously the minimum time had been 30 hours). The problems with the Green Paper proposals, according to the CBI, related first, to the Government's failure to address the low take-up of FIS, and second to the proposal to pay FC through pay packets with the proposal that employees would have to produce pay slips for the previous 13 weeks before a claim would be paid.

> The government's proposal to make employers responsible for paying Family Credit . . . was withdrawn after an intensive lobbying campaign by the CBI (Annual Report, 1986: 14).

The CBI did, however, support the extension of in-work benefits in principle, perhaps because they would assist employers by subsidising wages and at the same time increase labour market participation (perhaps even having a depressing effect on lower level wage increases). The proposal to extend FIS to new categories of worker (those working less than 24 hours per week) was therefore welcomed. At the same time the CBI feared that the 13 week requirement would create disincentives to work, whilst shifting the administration of FC to employers would create higher costs and burdens, particularly on smaller businesses. When the Bill was eventually passed, however, the Government agreed to pay FC through the DHSS. The policy 'story' was relayed to CBI members in 1986.

> The Government originally proposed that the new Family Credit . . . should be administered by employers via the pay packet. The CBI strongly opposed this proposal as it would significantly add to the burden on business. Members also believe that the relationship between benefits and pay should not be confused by paying benefits in the pay packet. Last month the Government announced that Family Credit would be payable by the DHSS directly to mothers, as is the case with FIS (CBI News, 11th July 1986).

Moving on to consider other cash benefits reveals a surprising lack of interest by the CBI. Where it has commented on transfer payments the CBI has tended to be more concerned with issues of flexibility and access to jobs after periods of unemployment. It is not always easy to extract a clear notion of CBI thinking from its documents however. Take the following discussion paper which began by stressing that

> we believe that a labour market . . does respond to supply and demand. . . . it is perfectly possible to price oneself out of a job or indeed into one. . . . . . . However, there are some - especially those with a large family or who are in receipt of rent or rate rebates - for whom the financial incentive to work at all is at best marginal and in some cases clearly negative. If this incentive were improved, their attitude to work might change as well. This disincentive exists because of . . . lack of qualification . . income tax . . and social security provisions which are untaxed. [Jobs - Facing the Future: A CBI Staff Discussion Document, 1980, Jan.: 23]

The overall tone of the document was in line with Government thinking at the time in many ways. Its conclusions, however, didn't appear to follow from this. Not only did the paper resist calling for cuts in social security provision, it actually appeared to think such payments were necessary in order to dispel the pains caused by the inevitable increases in unemployment levels as the moves towards 'a more modern economy' were made. Thus the paper concludes:

> unemployment will continue to be a significant problem for some years ahead . . . (and) the situation will need to be managed competently, sensibly and humanely in a comprehensive and as far as possible a non-partisan way. This will require specific help for areas of high and persistent unemployment and perhaps for particular groups where the incidence of unemployment is exceptionally high. . . . . And even if the worst projections of unemployment come true, most people will still have a job and the need for them to work effectively to provide resources for the young, the old and those not in work, as well as for the community as a whole, will be more pressing than ever. . . . . If unemployment were known to be temporary; if it were known to affect people equally whatever their occupation or wherever they lived; if the level of support for those out of work did not necessarily imply a significant reduction in living standards; and if perhaps above all, those out of work had non-work activities which gave enjoyment and purpose to their lives, then unemployment would no longer be a serious social problem although it would of course remain an economic one. [Ibid. p.40]

Unemployment benefits could be used, therefore, as a way of assisting employers to more easily shed labour. An idealised picture of unemployment is painted, that acknowledges economic but not social costs.

In general, then, the CBI has been less critical of social security provision than the Government. It has tended to stress instead the role that social security can play in easing the strains and problems of labour markets. In areas such as pensions and sickness, the indication is that the CBI wants greater control over the ways in which provision is paid, but without having to either fund it or take on total responsibility for its management. The role of benefits as legitimating forms is also recognised by the CBI as being important both for employees and for employers who wish to shed labour.

Housing

CBI interest in housing policy has been minimal. Where it has commented on housing provision, it has been concerned mainly with the problem of geographical mobility, particularly between North and South (CBI News, 19.2.88: 8-9). A lack of affordable accommodation in the South is identified as being a particular problem which has been exacerbated by the selling off of public housing (ibid.). The CBI did not advocate a return to social housing to solve these problems, however, but did suggest that employers engage in local initiatives in order to increase access to housing where this was a particular problem.

> The CBI has made (it) clear that firms should not just look to government for solutions where problems impinge on business. Business must provide its own. In the housing field, businesses have been given the opportunity to do just that (CBI News, 19th February 1988: 8).

These solutions can best be delivered, it was argued, in partnership with Housing Associations (CBI News, 19.3.88:12-13). Under these schemes employers were to provide either land or funds to housing associations who then build the houses. In exchange, the housing association would grant some nomination rights to the firm whose employees may then rent or buy at subsidised rates. The advantages to employers are clear. Since wage inflation is, *ceteris paribus*, linked with levels of labour supply, labour shortage may not only prevent firm expansion, it is also likely to create wage expansion (ibid.). The extent of the benefits flowing to employers will essentially depend, of course, on the nature of the firm – in particular the makeup of its labour force. Aside from these brief commentaries on housing, no further evidence of interest in housing policy could be found. It would be a mistake, therefore, to interpret the CBI's stance in housing policy as advocating a much bigger role for employers in provision.

Health

Again, health care is not frequently discussed in CBI literature. The National Health Service, for example, was not discussed at all in any ideological sense. The overall health of the workforce was considered to be an important issue, however, and discussions about the costs of absenteeism feature regularly. As a result of this long-standing concern, the CBI began pushing the advantages of employer health packages during 1988 and 1989 (CBI News, 23.9.88; CBI News, October, 1989). Regular health screening, it was argued, would help prevent absenteeism and help improve productivity (CBI News, October 1989).

> absenteeism costs British industry around 2 billion pounds and 150m working days lost each year. The cost of sickness alone is reckoned at upwards of 800 million pounds. It thus is financially worth while to try to reduce those figures. Moreover, a healthy workforce is also a more productive workforce. [CBI News - October 1989]

Thus, employers could make savings by investing in health screening, both by reducing staff sickness, and improving staff productivity. By screening workers for sickness, employees would be less likely to take time off sick unnecessarily since health screening would not only detect present illness, but would detect the likelihood of past and future illnesses (CBI News, October 1989).

Responding to labour shortage

The sharp fall in unemployment from 1986, accompanied by a projected fall in the numbers of school leavers due to demographic changes, greatly concerned the CBI and prompted what has become the most radical examination of current government and business policies by the organisation to date – its 1988 (Nov.) working paper, ***Workforce 2000***. Faced with a fear of labour shortage (which in the end did not materialise) this paper went further than any other in examining issues relating to discrimination and equal opportunities, though the focus centred on the damage such problems could cause to long-term productivity and efficiency. The key concerns are captured in the following quote.

> Of course, we cannot be sure how this forecast decline in the number of people of working age will affect the size of the workforce. . . . We have in recent years seen an ever higher proportion of people of working age opting to seek paid work. With the right policies, that trend might be continued. Equally, more people might be attracted to work who currently fall outside the working age population, if our current approaches and attitudes to retirement are changed. What is important, however, it that employers and others should recognise the potential pressures that lie ahead while there is time to develop proper responses. (1988, Nov: 18)

> employers will be seeking ways to enhance the size and skill levels of the 'pool' from which they will be drawing recruits in the years ahead. . . Employers will, therefore, be looking to meet some of their recruitment needs from other adult groups. (ibid. 35-36)

The adult groups to which the paper refers included women, the over 50s, ethnic minorities and the unemployed. The main focus of the document, however, centred mainly on women with child care responsibilities. It acknowledged that poor maternity arrangements in employment – limiting maternity leave to the statutory 40 weeks and being inflexible about hours on return to work, a lack of child care and after-school care, and a lack of training upon returning to work, are some of the biggest barriers to women who wished to regain employment.

> The needs of business over the coming decade will require not only that more women return to work more quickly after having children, but also that these women are increasingly highly skilled. . . . (T)he pattern of variation over the life cycle, the large numbers doing part-time rather than full-time work and thereby often being confined to low level work, and the high relative dominance of women in lower occupational grades, illustrates the considerable scope for increasing the contribution that women make to the economic life of the country (1988, Nov: 42-48).

The role of the state was as a facilitator for women returners by providing tax exemptions for employment-based nursery care, and by extending Child Care Allowances to those lone parents taking up paid employment. The paper also called for a partnership to be formed between employers, local authorities and central government in order to provide adequate care for pre-school children, and by making school premises available, could develop after-school care for school age children. Most of the proposals were aimed, however, towards employers themselves and they included:

a) Setting in place enhanced maternity leave arrangements (allowing part-time returners, extending the period of maternity leave and increasing maternity benefits for those women who undertake to return to work). The paper also suggests the introduction of career break facilities which can be used for longer periods from work, and allow women to return to work on the same level (pp. 51-54).

b) Assisting with child care arrangements by, for example, operating workplace nurseries, purchasing places at existing nurseries, contributing to the cost of child care for employees, or assisting with the search for suitable care (1988, Nov: 54-61). Employers could also help women by introducing more flexible hours, extend part-time opportunities and arranging working time around the school day (ibid: 61-62).

c) Lastly, employers could expand the training opportunities available to women returners. They could offer training for new jobs within existing companies, or re-training for jobs previously done which have changed during their period away, and new employers could expand their range of opportunities to women returners (ibid: 63).

Whilst it did not place as much emphasis, or provide as much detail, on the other groups it focused on in the document, it did include analysis of employment barriers for the elderly, minority ethnic groups and the unemployed. On older workers it attempted to dispel some myths, stating that:

> the over 50s have far fewer periods of absence from work . . . There is little real evidence to show that productivity falls with age . . . . (and) older workers respond at least as well to training as their younger colleagues (1988, Nov: 95-6).

On issues relating to racial discrimination, the CBI played down the fact that business was only interested in tackling Racism as a labour market strategy by stating that 'The need to promote racial equality is not a function of labour market pressure' (1988, Nov: 111). It did go on to state that:

> the problems presented by demographic change do present an opportunity to bring about greater racial equality of opportunity. (ibid.)

The problems are outlined as follows.

> Companies may have built up an image in their locality as a 'whites' only employer. . . Breaking down such an image is a complex process. Recruitment literature and job advertisements need to appeal to the community as a whole. . . Schools/industry liaison can be focused on schools in heavily saturated ethnic minority communities . . . Companies can build links with local community groups and sponsor community events in areas with large ethnic minority populations (ibid: 115-116).

The last main group it focuses on is the unemployed. Here again the CBI identifies employers as playing a key part in attracting the long-term unemployed back to work.

> Employers will want to examine their methods of recruitment and selection to check whether they are perhaps unreasonably ruling out or discouraging applications from the long-term unemployed (ibid:123).

It went on to argue, however, that

> a major role in preparing the long-term unemployed for re-entry to work and for lifting the obstacles lies with Government. (ibid:124).

In recognising and publicising these problems ***Workforce 2000*** was clearly an important document. The fact remains that the main spur to the CBI's concern in this area was a fear of labour shortages, and that, faced with the recession during the late 1980s and early 1990s, discussion of discrimination appears to have subsided somewhat, and certainly has not featured in quite the same way since.

General Government Spending

Whilst the relatively narrow scope of this study has not allowed for a major exploration of the CBI's views in relation to general government expenditure, a few comments are possible here. To begin with, the CBI has certainly campaigned for cuts in public spending. Its opposition to public spending was spelled out from the early 1980s.

> Government must be ruthless in its attack on waste and overmanning in the public sector. It must reduce the costs it imposes on business and the public, whether through taxes or higher interest rates. (1981 March (a): 23)

A key reason for this approach by the CBI was the perception that business was paying disproportionately for high public spending. The CBI was in agreement with the government that inflation had to be brought under control, and that the only real way to control inflation was through interest rates. The CBI also felt, however, that high levels of public borrowing was boosting inflation. Interest rates had to be kept artificially high, therefore, which was damaging to business. The CBI made its views clear in 1980:

> The failure of the Government to bring its expenditure under control meant that public sector borrowing remained high and that the burden of the Government's policy for reducing inflation fell disproportionately on business... This message was continually conveyed to Ministers and was a central theme of the CBI conference in November (1980 Annual Report: 8)

The CBI's campaign against public spending was nowhere more focused than in relation to local authority expenditure and local business rates. In 1980 the CBI recommended reduced staffing in non-teaching posts in schools, in libraries and in public canteens, and in addition recommended reductions in the numbers of local advice centres, public building cleaning standards and footpath maintenance and road building schemes (*A Businessman's Guide to Local Authority Finance and Expenditure* September 1980 p.31 *op cit.*). It devised a dual strategy concerning the national organisation, which would apply pressure on central government and high spending local authorities, and at the same time encourage individual members on a local level to lobby their own local authorities directly. As early as 1981 it was urging:

> Every Businessman whose survival is threatened by rising rates should not hesitate to contact his local authority at every opportunity. (John Monkman - Chair of CBI Rating and Valuation Committee, CBI News, 27.2.81)

The campaign was to get business people more actively involved in direct lobbying and even election to public office.

> CBI regions, as part of the move to bring commonsense to local affairs, have been encouraging businesses to form liaison groups and to put up candidates for local elections. (CBI News, 30/1/81: 5)

> In the regions nearly 50 local groups of businessmen, set up in 1980 to talk to their local authorities, went into the town halls well armed with briefing papers prepared at Centre Point. They both ensured that local councillors and officials were fully appraised of the economic difficulties facing business and put forward a variety of useful suggestions on improving efficiency and cost effectiveness (1981 Annual Report: 10).

The campaign also involved the investigation of individual authorities, and the publicity of what the CBI viewed as 'unreasonable' levels of local taxation.

> In discussions with local authorities, businessmen should emphasise the importance of increasing efficiency by improving productivity and reducing manning levels of expenditure is to be reduced and value for money attained. Comparisons with similar authorities or authorities providing a similar standard of particular services should be made to see if authorities can provide the same service with less manpower. The best forms for inter-authority comparisons is the current Joint Manpower Watch returns. Alternatively, publications such as the County Council Gazette, which reports developments for individual classes of authority can be used. Local authorities themselves will provide comparable data series as part of the code of practice on he publication of local government information (*A Businessman's Guide to Local Authority Finance and Expenditure*, September 1980: p31)

Despite changes in local taxation (including centrally determined business rates) the campaigned continued for most of the 1980s. The following appeared in CBI News in March 1989 in an article entitled, *Rates Need not Rise in Cheshire.*

> The Cheshire Business Rates Consultative Group - representing the CBI and other local business bodies - says that the County Council could keep rates unchanged by cutting overheads by 5%.. But instead the Council has said that it is planning an 8% increase in rates. Mike Dain, chairman of the CBIs local government finance working party said 'the figure is too high and will put an unreasonable burden on business in Cheshire'. If profits are squeezed investment and job prospects will be reduced and this cannot be in the interests of Cheshire people.

Although the CBI has clearly been active in calling for cuts in spending, however, its views on the subject are by no means coherent when we consider the wider picture. We have already seen from the discussions above, for example, how the CBI has called for increases in spending in areas such as education and training, and has even defended spending on social security. Consider the following passages.

> The CBI has advocated reductions in government expenditure as part of an overall policy designed to secure a better balance in the economy between the public and private sectors and to reduce the level of taxation. . . The CBI has stressed, however, that the necessary economies in spending should be made in the internal operation of government and not by concentrating cuts solely on reducing purchases from the private sector or capital expenditure, which shifts the burden of reduced expenditure onto trade and industry. (*A Businessman's Guide to Local Authority Finance and Expenditure, September*, 1980)

> The CBI welcomed Nigel Lawson's announcement in his Autumn Statement of additions to planned capital expenditure of getting on for £1 billion in 1987/88. The CBI had put forward the case for almost £1 billion pounds of extra capital spending . . . (CBI News, 21.11.86)

What the above statements illustrate is that it was not government expenditure in general that the CBI objected to, but to current spending on transfers and public sector wages and hence not used for private sector purchases. The greater enthusiasm for capital spending in 1986 was prompted by the fact that business, particularly manufacturing industry, had suffered significantly from monetarist policies, in particular the high cost of borrowing and the over-priced pound. Put simply, the private sector can benefit significantly from capital and procurement expenditure but its interests can be damaged by high current expenditure particularly when business has to fund it, or where it fuels inflation. The position of the CBI was clearly outlined in 1981.

> The next big job which faces the CBI is to turn a searchlight into public current spending . . . It is no use halting capital projects. This only has a boomerang effect on the rest of us in private industry, particularly in construction and engineering. . . . The message for the public service sector is this: they will have to do what the private sector has been doing for the past 18 months - manage with fewer people, pay them more sensibly and get them to work harder. (Terrence Becket, Director-General of the CBI, CBI News, 27.3.81: Cover story)

The 1982 Annual Report made the position clearer still.

> During the year the CBI kept up pressure on the Government to achieve restraint in the real growth of government current spending and to get the resources saved directly into capital expenditure. . . . .The CBI pressed the Government hard to step up its expenditure on trunk roads, by-passes, sewers, and other parts of the infrastructure - especially important in view of the burden of recession which has been borne by the construction industry. . . . (This) would generate employment and would benefit the cost competitiveness of British industry as a whole, for example through reduced transport costs.

Spending which would benefit business was defended, therefore. As the 1980s progressed, and the public sector borrowing requirement turned into a surplus, the campaign against government spending also diminished. What became more important from the mid 1980s was the transference of the funding of services away from business and onto recipients. On the question of local services, for example, the CBI argued that business only had a responsibility to fund provision where it directly benefited from it (Nov. 1987). It was proposed, therefore, that funding and services be divided into four: national services (including state education), community services (primary and nursery education and care for the elderly), marketed services (council housing) and property and business services (fire protection, refuse collection, non-advanced further education). Business, it was argued, should contribute only to this latter category (and then should fund only 75% of the costs).

A clear pattern emerges in relation to taxation and spending over the 1980s and 1990s. The CBI has variously called for increases in spending in certain policy areas, for example education and training has called for expenditure stabilisation in areas such as capital expenditure and private sector purchases, but has called for spending restraint or cuts in relation to labour costs and local services. The reasons for these mixed messages become clearer when we consider the nature of different types of state spending and state production which are discussed following the next section.

7.5 DISCUSSION AND CONCLUSIONS

The above discussion has focused on a key business agent, the CBI, and its position regarding social policy. The above evidence suggests that the CBI's interest in social policy is generally low. Its interest is variable according to the social policy in question. The key predictor of level of interest is the extent to which social policies have an **immediate and direct** impact on businesses. Of particular concern is the extent to which social policy impacts on the supply, qualifications, and costs of labour. In short, as a CBI respondent stated in the local study (Chapter 7), the CBI is interested in social policy only insofar as it impacts on business' bottom line. But also important are controls over labour power, particularly as far as sickness and retirement is concerned. To understand CBI interest and views towards social policy, it is useful to distinguish between spending on state provision, controls over labour, and controls over provision.

In attempting to understand the CBI's position regarding spending and welfare provision, it is useful to draw on the work of Gough (1979). Building on the work of O'Connor (discussed in Chapter 3) and Semmler, Gough argues that welfare states fulfil a number of different functions. They may serve either or both the interests of labour and capital. To help clarify this argument, Gough compiled a table of state activities which is reproduced below.

Table 17: The activities of the state

	Category 1	Category 2	Category 3
All state activities (Semmler)	Contributing to capitalist production	Contributing to the reproduction of the labour force	Contributing to the general reproduction of capitalist social relations
State expenditures (O'Connor)	Social investment – to raise productivity	Social consumption – to lower the reproduction costs of labour power	Social expenses – to maintain social harmony
State production (Gough)	Department I: means of production. Social constant capital – economically reproductive	Dept. II: Wage goods Social variable capital – economically reproductive	Dept III: 'Luxuries' Economically unreproductive

Source: Reproduced from Gough, 1979: Appendix B.

Different types of spending and production are said to fulfil different functions, though in practice it is actually difficult to categorise welfare services in these terms, all welfare services have elements of each. These functions serve the interests of capital and labour in different ways: some contributing to productivity, others to the reproduction of labour power and to the maintenance of social harmony. Ordinarily, we would expect capital to be more supportive of spending and production that falls into category 1 (which includes spending on roads and education and training) and services which fall into category 2 (included here may be housing and health provision) since they are both economically reproductive. It is likely to be least supportive of spending and production which falls into category 3 (which could include social services, advice centres, or the administration of state welfare). This typology is a good, though not perfect, explanation of CBI interest and views towards social policy over the period. The organisation has tended to defend services that directly benefit business (such as infrastructure spending) and help improve labour productivity (such as education and training). At the same time, the CBI has attacked those services which are generally unproductive, most starkly, local advice centres, and has argued for greater controls on 'unproductive' spending on the wages of public sector workers.

The CBI has pushed for greater business involvement in those areas of social policy which contribute towards productivity (impacting in particular on the skills of labour). Not surprisingly, the organisation feels that it and business more generally can play a key role in areas concerning the management of labour. Responding in particular to the decentralisation of services and the new access points created for business in local decision making, the CBI, with the help of the Government, has tried to encourage greater involvement of individual business people in services at the local level. Involving the CBI's membership in lobbying and representation in services at the local level would ensure that business has a voice in these areas but at the same time would not make excessive demands on its own resources at the national level.

This brings us to the question of business control over services. The greater involvement of business in education was part of a general strategy by the CBI, and the Government, of encouraging educational services to more directly respond to the needs of business. In other areas too, the CBI has attempted to protect its members' interests against the increased costs associated with changes in welfare provision, but at the same time has tried to exert greater controls over rules governing entitlement (for example, in relation to changes in SERPS and statutory sick pay).

Moreover, business is also likely to be supportive of purchases from the private sector (since they help to support business sales) but is more likely to oppose spending on public sector wages. The main reason for is that public sector wages are related closely to the power and organisation of labour, but less towards productivity and the creation of surplus value (which would occur in the private sector). The funding of public sector wages will effectively rob the private sector of revenue which could otherwise have been invested to create surplus value (profits).[20] The CBI's campaign for lower wages in the public sector, especially in areas of local government, makes sense in light of this. On the question of social security transfers, business opinion is likely to be less clear-cut. Business arguments could be made for their retention or abolition (on the one hand they may assist the management of the unemployed, but on the other they may push up labour costs and taxation), so we would expect business opinion to be divided and subject to change in this area.

Overall, though, the CBI has been remarkably silent on the big questions surrounding social policy over the 1980s and 1990s. Perhaps the best explanation of this is that on the whole there was little need for the CBI to influence social policy – in most areas it was already going in the direction which business wanted it to. Structural influences were pushing social policy in a pro-business direction – the government was already trying to cut spending on unproductive services whilst at the same time trying to gear productive services more to the needs of business. Only where business interests were directly threatened did it need to challenge policy. It was enough to limit its campaigns to the major questions that were a key interest to most parts of business such as tax reform and labour costs. These bigger questions would, of course, impact heavily on social policy but would not require the CBI to associate itself with policies that may have been unpopular with individual members or employees. Even in areas in which it does have a key interest, however, the CBI has tended to respond to government ideas and initiatives than put in place its own strategies and solutions. Its responses are often also incoherent. The reasons for this relate to divisions (or at least differences in approach between departments) in the organisation, the changing needs of business over time, changes in priorities and the generally low level of priority given to some areas of social policy.

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20 Surplus value could be extracted from public sector workers provided that the product of their labour exceeds state funding (Gough, 1979:163). This surplus may flow to the private sector (through wages), having a direct net benefit for private business. This will only occur, according to Gough, in spending in categories 1 and 2 above. For state spending in category 3, there will be no net benefits in productivity terms to the capitalist sector.

8. BUSINESS AND LOCAL SOCIAL POLICY:CITY OF BRISTOL STUDY

8.1 INTRODUCTION

This chapter investigates business and social policy at the local level. It has two key objectives. First, to investigate the role and approaches of Bristol's main business associations towards social policy. Second, to investigate business involvement in social policy at the local level. Both indirect involvement (through business-service partnerships and funding) and direct involvement (through financing and representation on social service boards) are investigated. It should be noted here that the term 'social services' is used to denote the range of services included under the social policy umbrella and not merely care and social work services.

Bristol was chosen for this case study for several reasons. To begin with it is a relatively large city with a population of around 400,000 making the eight largest in England. Second, it has gone through a number of changes in terms of its population and economic restructuring particularly since the 1970s. Third, business within the city has in recent years, through an amalgamation of the Chambers of Commerce and partnership initiatives, become more actively involved in civic life. If business is anywhere involved in social policy we should find examples of this in Bristol. At the same time, there is no reason to believe that Bristol is so unique that similar trends would not be occurring in other large cities in the UK. More will be said about the city of Bristol in due course.

The structure of the chapter is as follows: first the methods will be outlined and discussed; second, the city of Bristol and its two main business associations are introduced and investigated; third, the nature of business inputs in a range of social policy areas is investigated by service area; finally, a closer examination of involvement is undertaken.

8.2 METHODS

This part of the study relied mainly on documentary analysis, though selective interviews were also carried out with senior individuals from the two main BIAs in the city. Since the focus here was on both business interest and involvement in social policy, the research was approached from two angles. First, the main business organisations in the city were contacted and representatives interviewed in order to obtain indications of interest, views and involvement in social policy, and to obtain relevant documentary evidence detailing initiatives the organisations were involved in, membership lists, statements of roles and objectives etc., that could be used in the study. Second, details of business linkages, copies of annual reports and any other material that may be of use to the research were obtained from the individual social services. From this a **database** of business people and their organisational linkages was compiled and used for a social network analysis study. From these methods a picture emerged of the nature and extent of business interest and involvement in social policy within Bristol. The extent of business representation on the various social service boards was examined in some detail since, as already discussed in Chapter 5, this was one of the mechanisms through which the Conservative Government tried to instil a business culture into welfare provision, exert greater control over services, and in certain services, ensure that the needs of business 'customers' are better met.

The sample used in the study was drawn from three broad social policy areas: 1) education and training, 2) housing, and 3) health. Requests for information were sent to selected institutions within these policy areas in Bristol. The number of requests sent and the responses received are outlined in Table 18. A full list of all the organisations finally included in the study can also be found in Appendix 1. Housing associations were selected by size (the smallest housing associations consist of only one or two units and hence were excluded from the study). The responses received were good on the whole, with the exception of schools. Despite follow-up telephone calls, and approaches made to the LEA, very little valuable information could be gleaned from many of the schools apart from the names of school governors. This was useful in some cases, though the lack of information on the business links of governors and details of the capacity in which they serve (whether they are seen as representatives of local businesses or not) meant that many schools had to be excluded from the study. The 12 schools eventually included in the study represent those from whom useful information could be gained. In addition to social services, documentary information was also obtained from the regional BIAs: the CBI and the Chambers of Commerce.

Table 18: Number of institutions included in the study

	Number approached (represents all institutions within service area unless otherwise stated)	Number included
Secondary Schools	25 (all secondary schools in Bristol)	12
Private school	1 (largest mixed private school in Bristol)	1
City Technology College	1	1
FE colleges	4	3
Universities	2	2
TEC	1	1
Housing Associations	18 (largest HAs in Bristol)	9
Health Trusts	5	5

Although a number of requests were made to the organisations involved, the most important document requested was a copy of their latest Annual Reports. Although the information provided varied, most reports gave details regarding board membership, future plans for the organisations, and details of financial accounts. Promotional material was also obtained and this provided further information on business links and sponsorship which may not have been included in the Annual Reports. In addition to these sources, committee minutes and various membership lists were obtained from the BIAs. Limited use was also made of a previous study of elite interests in Bristol compiled by Garrett (1993). More will be said of Garrett's study later.

The biggest problem with the documents eventually used was non-disclosure. Many of the institutional reports, even those within a particular welfare area, did not follow any set protocol, nor did they all disclose the same level of information. Wide variations exist, especially with regard to the disclosure of information about an organisation's board membership. Two schools in the study, for example, disclosed the employment status and other personal details about its governors, whilst others gave very little information at all – just the names and governing post held. In some cases it was possible to obtain additional information by follow-up communication. Even those organisations that provided only limited information, however, still provided the minimum required by the study: the names of the individuals who sat on their governing boards.

In addition to documentary analysis, a total of four semi-structured interviews were carried out between February and May 1996: three with senior members of the local Chambers of Commerce, and one with a senior representative of the regional branch of the CBI. Although questions over the reliability and validity of data obtained from interviews inevitably arise, it should be stressed here that these made up only a small part of the study, and were used mainly to obtain further (and more sensitive) documentary evidence. Their most important function was to facilitate contact and develop a degree of trust so that further information could be gleaned.

As information was obtained it was placed in a ***database*** detailing actors and their social service, business, and other organisational linkages. Initially the database included all service board members (business and non-business) and naturally, as more information was gained from the sample, so more linkages and connections between these members emerged. After the completion of this exercise a near-complete snapshot of the social policy network emerged. It is not complete since some service providers were necessarily excluded from the study (as inevitably occurs in all network analysis). Despite this it *is* sufficiently inclusive to make this a valid and useful exercise. It also provides the most complete picture of business involvement in social services to date. Once this first part of the research was completed, it was possible to analyse and evaluate the database further by applying social network analysis techniques.

A network can be defined as an arena in which there exists contacts, ties and connections between actors and/or organisations, which relate to one another. Social network analysis views actors as 'interdependent rather than independent' and stresses the importance of linkages between actors which 'assist the flow of (material or non-material) resources (Wasserman and Faust, 1994:4). Within such networks individuals meet up with others, and inevitably form relationships and exchange information with them. They also perform various functions that are defined by the 'rules' of the network. Social network analysis does not help, however, with an evaluation of the potential outcomes of such linkages, at least as it is applied here. These outcomes will depend on many things, not least the individual actor's resources, the pooled resources of the network, the levels of agreement within the network and the response of external bodies to it. Since this study does not focus on outcomes in any detail, these questions go beyond the remit of this study.

To be clear then, networks are important for a number of reasons. First, they provide a forum for the exchange of information and ideas. Since within a particular space or locality many networks co-exist (and smaller networks exist within larger ones) they also provide the means of recruitment (since the members of networks are often able to control the recruitment of newcomers and are themselves able to introduce new members). Second, they are important for the development of partnerships between the public and private sectors, significant especially as the trend towards partnership development within localised policy making and implementation continues. Third, for social network theorists in particular, exchange between different actors within a network is crucial to an understanding of influence. Informal and formal meetings between actors within a network, for example, helps to foster common views, identities and approaches to their environment. This is an important point, though making unequivocal claims about the level of influence stemming from the network in Bristol is not the intended aim here (influence is an outcome of exchange and goes beyond the remit of this part of the study). Social network analysis techniques are instead used here, not so much to gauge influence, but to make the processing of a large and complex set of data more manageable. More will be said about the actual processes of network analysis where appropriate.

Now that the main methods have been highlighted it is possible to move on to the results of this part of the study. Before doing this, it is useful to say a little more about the City of Bristol and its main business organisations.

8.3 THE CITY OF BRISTOL

This study of Bristol takes place against a background of renewed economic strength in the city from the mid 1980s with the attraction to the area of large technologically advanced industry. From the 1970s the older industries of food production, tobacco, and paper manufacture have declined, and been replaced with big business within the sectors of finance, banking, insurance, and technology. Despite being described as England's 'Sunbelt City' in the mid 1980s (Boddy, 1986), Bristol has also suffered, along with other large cities, from high concentrations of unemployment in key parts of the city (unemployment averaged 24% in some areas between 1981 and 1994) (DiGaetano and Klemantis, 1993: 72-3; Stewart, 1995: 13).

The study also takes place against the backdrop of a history of tension and animosity between the Labour-dominated City Council and the local business community, though there were marked improvements in relations over the 1980s (DiGaetano and Klemantis, 1993: 72-3; Stewart, 1995: 13). Policies introduced at the national level forced local councils to consult, and form partnerships, with local businesses if they were to successfully win central government funding for development (Di-Gaetano and Klemanski, 1993: 72; Stewart, 1995). The result was improved relations between the council and local business people, and the development of partnership working in a number of key areas (Stewart, 1995).

Several commentators have focused on elites in the City. Past studies have identified a 'fluid elite structure' (Miller, 1958 in Stewart, 1995: 10) and a well entrenched elite, but one which distances itself from elected office (Clements 1969). By the mid 1990s, a relatively new, better connected, more active elite had emerged according to Murray Stewart. This new elite was:

> much larger, better informed, and articulate than could possibly have been the case thirty five years ago. The Bristol regime numbers perhaps one hundred and fifty members who could be mobilized to pursue tasks associated with economic growth or civic responsibility (1995b: 10).

Of particular interest to this study is research carried out by James Garrett in the early 1990s. His study detailed the positions, contacts and status of 16 key influentials (business people, public servants and politicians) in the city. Garrett's paper is short on detail regarding methodology, but is detailed in every other way, including not just the names but also the addresses of the members of Bristol's elite. The following passage introduces Garrett's (1993) paper.

> The 16 people profiled here are the most important members of an elite group of politicians, businessmen and public servants who run the companies and services which affect the lives of us all. With one exception they are male and they are all white and middle aged to elderly. They are all linked to each other through membership of a variety of charities, boards of directors and, in many cases, family ties. Only two identify themselves as Labour supporters and most of the others are Conservatives. Some are elected, some are accountable to the people they serve, but the majority operate in a world which does not even pretend to be democratic.

Garrett's study focuses primarily upon the Merchant Venturers[21] (an elite and selective organisation established by a number of old Bristol families) which, according to Stewart (1995:6) captures

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[21] The Society of Merchant Venturers is an all male secretive and exclusive society. It does not publish any details about its membership.

> the flavour of the Bristol power structure – a benevolent, paternalistic but obscure grouping of traditional elite interests, sustained and reinforced by marriage and social interaction.

The research undertaken here was able to make some use of the information contained in Garrett's study which was useful in confirming the links of some of the business people involved in the study and providing important information regarding business membership of the Society of Merchant Venturers, a highly secretive society. It is said by Garrett to have dominated Bristol's political, business and cultural life since the 15th Century (Garrett, 1993).

The regional branch of the CBI

Bristol is the base of the South Western Regional Branch of the Confederation of British Industry (CBI). It consists of a Regional Council of around 37 members, of which 16 represent Bristol based firms (within the Council it is the firms who are given seats and nomination rights). In addition it has a small staff base (2 full-time and 2 part-time support staff).

The CBI's activities are shaped by its position as the regional branch of a more powerful national organisation. Its main activities are directed towards recruitment and member services (a great deal of emphasis was placed by the Regional director on the need to attract new members to the organisation). Its involvement in local decision-making related mainly to those areas that were unsuitably dealt with at the national level (regional development, local taxation). The impression gained is of an organisation that is generally more interested in policy making, rather than social service delivery, and since the most important social policy decisions are made on the national level, most lobbying was left to the national organisation.

Although the spokesperson for the CBI was not specific about the details, the main way in which the CBI attempts to influence policy making at the local level (where it has an interest) is through formal (in the case of local taxes) or informal (in unspecified other areas) contacts with senior local policy makers. Again, the impression was that this tended not to happen in the area of social policy since it impacted less directly on local member interests. It was put to me that the local CBI will be interested in a social policy only if it is judged to directly affect local business interests.

> We are interested in social policy if it affects businesses' bottom line. If it helps to improve efficiency, or if it damages competitiveness, then the CBI will get involved. . . We are interested in (helping to develop) good environments for businesses (Regional director, CBI, 1997).

When we take the above into account, the organisation's stance towards local social provision begins to make more sense. Although the national body of the CBI has been keen to get local branches and individual members of the CBI more actively involved in local politics and local services (see Chapter 6), particularly in the education and training fields (e.g. involvement in school governing bodies, sponsorship of schools, involvement with TECs, etc.) the local branch of the CBI does not actively pursue this policy, either by getting involved in welfare services itself,[22] attempting to get its members involved, or by attempting to 'politicise' its membership. This is perhaps because, as the respondent stated above, the CBI is interested in social policy only insofar as it impacts on profitability. Since the regional branch of the CBI could do little to make significant changes to the bigger policy questions relating to local social policies, the most important of which are determined nationally,[23] the local organisation is unlikely to devote necessary resources to lobbying activities. This lack of involvement also reflects the time and resource implications that would flow from it. The view of the regional branch was that it is increasingly difficult to get individual members involved in any activities which are not directly linked to the immediate returns of businesses. This included getting involved in local politics. It was said that

> the practice where businesses would second staff to serve as councilors or in similar capacities have long gone (Regional director of the CBI).

There also existed the view that business people do not particularly enjoy getting involved in public sector quango bodies because of the way in which they generally operate.

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[22] Although, since this interview was carried out, the Regional director of the CBI actually became a member of the local Training and Enterprise Council.

[23] The most important decisions in terms of levels and extent of provision have increasingly, since the early 1980s, been made by central government and unelected quangos rather than local government.

> They take a great deal of time deliberating on how they are going to spend £2.5 Million pounds over the next, say, 2 years whilst business people are used to taking such decisions on a daily basis. They may have spent twice that amount that very day. I think that business people get very impatient and often give up membership quite quickly (ibid.).

Where the CBI's members do get involved in local politics or on local social policy boards, the regional branch neither keeps track of them, nor are they necessarily viewed as representatives of the CBI. The organisation does get many requests from different public sector organisations asking for help in recruiting interested business people onto their boards, but they generally have to refuse assistance in this unless particular members have demonstrated an interest in taking part in such activities. A more helpful future role in this was envisaged, however, with imminent plans to establish an 'electronic link'[24] between the regional branch of the CBI and its members which, although not being expressly designed for this task, would allow the CBI to make their members aware of requests from services much more easily and cheaply than it had been in the past.

This rather 'hands-off' approach of the regional branch towards local social policies contrasts with the policies of the national organisation. As already outlined in the previous chapter, the national CBI, responded to the general move towards more devolved decision making by emphasising the important role local business interests could play in putting across the perspective of business. In many ways local business was viewed as more important in pushing their interests than the national organisation. Given all this, the policies of the regional branch appear to be somewhat at odds with the national organisation. However, it was implied that, within Bristol at least, the BCCI was in a better place to tackle social policy issues than was the CBI.

The Bristol Initiative and the BCCI

The BCCI is a unique organisation, formed out of a merger between the former Chambers of Commerce and The Bristol Initiative (TBI). The Chambers was established, along with hundreds more of its type, to represent the trade interests of businesses within their localities (see chapter 4). The Bristol Initiative, on the other hand, was unique to the city, being established by key people from Bristol's business sector, and geared towards the development of a range of urban regeneration and

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[24] The respondent did not make it clear what exactly this 'electronic link' was, but it appeared to be similar to the internet or email.

inner city projects designed to improve the quality of life and trade within the city. An official account of the formation of the TBI runs as follows:

> In the mid 1980s a CBI Task Force produced a report on Business and Urban regeneration called 'Initiatives Beyond Charity' which concluded that business had an important role to play in assisting urban regeneration. The report proposed that business should provide the leadership and vision . . . In 1988, a number of local business leaders agreed to form The Bristol Initiative to put the theory into practice in the Greater Bristol Region, by bringing together the public and private sectors . . . (BCCI, 1995)

This account, apart from highlighting the CBI's potential to spur the wider business community into action, misses out other important influences on the establishment of TBI. In three interviews conducted between November 1995 and March 1996 with senior Chambers staff involved in the Initiative, two main driving forces emerged as important to its development. The first involved concerns over the increasing cuts in local authority spending and the effects this would have on local authority provision, and hence, local communities. There were concerns about the condition of Bristol's infrastructure, and the visible signs of poverty, including drug abuse, vandalism, increasing levels of crime and homelessness in the centre of Bristol – especially (or primarily) as they impacted on local tourism and trade.

The second driving force behind TBI was to attempt to gather forces which could more successfully influence a City Council which was perceived by the business community, according to one respondent interviewed for the study, as being 'quite left wing and unreceptive to the needs of business'. Echoing the view put forward by the CBI it was said that an alternative forum for business representation was necessary since business people in the 1980s were thought to have less time on their hands than had been the case in the past, and so could not themselves directly participate in local government. TBI provided a forum where the public and private sector could come together on non-confrontational issues. This was argued by Bassett to have been aided by the chair of TBI who as:

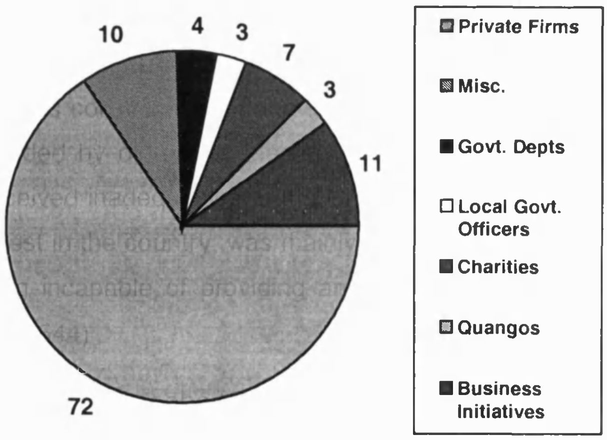
> a self styled 'Christian socialist', played an important part in winning the confidence of some Labour councilors, including former members of the New Left now in positions of power. (Bassett, 1996: 545)

Bassett also offers an alternative interpretation of the formation of the TBI, to those put forward by the organisation itself.

TBI was consciously formed to fill a gap left by the declining leadership role traditionally provided by old-established Bristol firms and families. It was also a response to the perceived inadequacies of the Chamber of Commerce which, although it was the fourth-largest in the country, was mainly seen as representing small business in the city and as being incapable of providing an alternative source of leadership or vision. (Bassett, 1996: 544)

Whatever the reasons for its formation, the initiative developed rapidly and now attracts a membership of around 10,000 firms, as well as individual members from the public and private sectors. In 1993 it merged with the local Chambers of Commerce, and accordingly changed its name to the Bristol Chambers of Commerce and Initiative (BCCI). The members of the former TBI have maintained and built upon their old ties, and exist as a group within the BCCI called the President's Group. This is made up of high-ranking individuals from both the public and private sector with, what a senior member of the BCCI termed, 'different interests from the majority of BCCI's members who are mainly small to medium sized private companies.' Since it incorporates non-business interests into the Chambers of Commerce it also blurs the distinction between business and other 'elite' interests. A breakdown of its membership of the President's Group, by sector, is illustrated in Figure 5.

Figure 5: The BCCI's President's Group Membership



The President's Group has succeeded, therefore, in bringing together a network of individuals. A representative of the BCCI explained that:

Unlike the situation even 5 years ago, there is now more cooperation (between the public and private sectors). Recently there was a (social gathering) and most of the people there, from top positions in business, the Council and the church, all knew each other (BCCI respondent).

It is important to note that the largest group within the President's Group is by far private firms which form over 70% of the total membership. In addition to establishing the President's Group, the BCCI also established a range of community initiative projects which include a housing and homelessness initiative and an education and training initiative. Both are looked at in greater detail in the relevant sections below.

The key difference between the CBI and the BCCI is the fact that the former appear to see themselves very much as a smaller appendage of the national organisation and its activities and outlook are reflected in this. The CBI appears to identify much less with the city but instead focuses on the region. The BCCI, on the other hand, has a strong local focus and identity. It also appears to have greater confidence in itself as an organisation that is able to facilitate local change. It has clearly fostered a great many important business, public and political links locally, and feels that it could play an important role in bringing together this range of interests in order to tackle local problems, including social problems. In this way, paradoxically, its approach was closer to the national CBI's vision of local business citizenship than the CBI's regional branch.

8.4 BUSINESS AND SOCIAL PROVISION

The focus now turns to consider social policy. The principal findings of this section are presented under main social policy headings: education and training, health and housing. Case studies of specific services are used where appropriate. Details of business representation on the boards of the various case studies are included in Appendix 2, section 1).

The following section on education and training will investigate, in turn, business involvement in schools, colleges of further education, universities, the local Training and Enterprise Council and the BCCI's education, employment and training initiative.

Education and training: Schools

This part of the study focused on secondary schools in Bristol. As already detailed above, twelve LEA schools were included in the study in total (including the network analysis). Six were selected for this part of the study based on the level of useful information provided. In addition to LEA schools, the study also incorporated one voluntary, one city technology college, and one private school. No schools in Bristol had, at the time the study was carried out, opted out of local authority control.

As Chapter 5 illustrated, businesses can become involved in the running of schools in a number of ways. They may become directly active in their governance or may provide financial assistance direct to schools. In addition, they can establish closer relationships with schools and provide staff training for teachers and placements for school pupils. The rest of this section focuses, in turn, on governing body membership and business funding.

The membership of the governing body of a medium-large sized school (around 1000 pupils) is typically made up of 5/6 elected parent governors, 5/6 LEA governors, 6/7 co-opted governors, and 2/3 teacher governors. Business people are able to get involved in the running of schools by becoming parent or nominated LEA governors, but it is more usual for them to become co-opted governors, being elected by the current governing body. As already outlined in Chapter 5, the Government required that from 1986 schools 'have regard to the extent to which they and the other governors are members of the local business community'. The fact that they can be represented in any form makes it difficult to establish how many business people a school has on its board.

A clear pattern arose in business representation – and one that supported the study conducted by Pike and Hillage (1995) discussed in Chapter 5 – that business has a relatively strong presence on school governing bodies, but that junior business people are more likely than senior representatives to get involved in schools. The 6 schools included here had a total board membership of 110 which included 22 business representatives. Of these, the exact occupation of three could not be determined, five were senior business people (directors or chairs of national and local companies) five were middle ranking (senior managers) and nine were junior business people (middle and lower ranking managers). All five of the senior business people came from larger firms and sat as co-opted rather than parent governors (although the comments made above regarding the disclosure of governor status should be taken into account here). This is to be expected since co-opted members are chosen by the elected members perhaps because they are known by the governors of the school to be influential or successful members of the local community. Few directors were found to be members of governing bodies, but where they were, they represented small local companies rather than larger sized firms. What is not clear is quite what expertise these individuals brought to the schools, and whether they received any support in this role from their companies.

It is useful at this stage to focus on the governing body of one of the schools in a little more detail. Ashton Park school has a governing body of eighteen members, made up of the head, two teachers, five parents, four LEA and six co-opted governors (see Appendix 2, Section 1). Two co-opted governors have clear business interests. One is the director of a small local firm and another is a marketing manager for a large local company. Two further governors are co-opted and have business links of sorts – one being described as an employee of Bristol and West Building Society and the other being a manager of HMSO.

We turn now to consider business funding of schools. Developing a full picture of the extent of company involvement in the funding of the schools in the study is difficult from the source material available. Although companies were found to sponsor schools, and provide funds and other resources, the exact amounts involved were difficult to ascertain in many cases. Since they are not obliged by the LEA or the Government to provide such information, the degree to which schools did disclose the details of gifts, donations and outside funding varied enormously.

What is clear from the evidence is that most of the schools received some form of 'extra' funding from private companies though the size of company contributions varied enormously. In 1991/1992, for example, Sun Life gave £250 to Gordano school and just £40 the following year; whereas between 1993-1995 the company gave nothing at all. Where larger donations are given to schools they tend to be for specific projects. Wessex Water, for example, gave £10,000 towards an Astroturf Project at Gordano school in 1995, whilst British Telecom donated £3,300 worth of telecommunications equipment to Pen Park school during 1994/5. Large gifts can also come from individual donors, as the following extract illustrates.

> The Bristol millionaire, John James, is a benefactor of the school. Each year he provides us with £2,000 for awards to individuals and groups. . . . In addition, he endows the Hartcliffe School Trust by matching pound for pound what we raise. The Trust provides income to the PSA to buy 'extras' for the school, and stands at over £70,000 at present (Hartcliffe School Prospectus, 1994/5).

Two of the schools in the sample, Henbury and Ashton Park, were part of the South Bristol Federation which consists of a group of schools, partnered with South Bristol College. The purpose of the Federation is to enable the schools to develop a closer link between themselves and the college, and to enable them to provide sixth-form education for their students. The partnership is sponsored by the Clerical Medical Investment Group. The only immediate benefit from this connection with Clerical Medical for the schools, however, appears to be that the production costs of the school prospectuses (which are enclosed in a glossy folder complete with the company logo) are met by the company. Other benefits, for both the schools and the company, may lie in their association with each other, demonstrating a positive community image for Clerical Medical, and an association with a successful company for the schools. Importantly, a senior member of one of the members of the Federation explained in a telephone conversation that it was the Federation that approached Clerical Medical for its support, and that, although it was difficult to find a sponsor, obtaining support from a private company was considered to be very important in lending some weight to the partnership.

It is not only through direct sponsorship and donations that funds may be directed to schools and colleges on the behalf of business interests. A number of quangos are also able to provide funds for schools in order to establish more 'business-centred' practices within them. The Western Education and Training Partnership (WEATP), for example, attempts to develop closer links between schools and companies in order to foster within schools a greater understanding of the needs of business. As part of this work, and in contrast to a small gift of £20 received from a local business, Pen Park School received a total of £4610 from WEATP during the financial year 1994-5.

Several of the schools acknowledged their gratitude to local businesses for providing the school with student placements and talks, although none mentioned staff placements. Those schools which ran General National Vocational Qualifications tended to acknowledge more formal links with local firms, possibly because GNVQs are more vocationally focused than, for example, GCSEs or A levels.

City Technology College

As already outlined in Chapter 5, City Technology Colleges were established in 1986 in order to gear secondary and 6th form education more to the needs of business. Bristol's City Technology College, John Cabot, was established in September 1993 and currently has around 1000 students. Its mission statement clearly reveals its function in Bristol, stating that the school has a commitment to providing:

> not only the sound and broad educational foundation of the National Curriculum, but also a value-added emphasis on the practical, scientific, technological, mathematical and communication skills needed by manufacturing and service business. (John Cabot school, 1995/6 Prospectus)

Like other City Technology Colleges, John Cabot draws on both public and private funding. John Cabot is sponsored by Cable and Wireless plc, and the Wolfson Foundation. According to research carried out by Margrave (1994: 65), Cable and Wireless and the Wolfson Foundation between them contributed £2.25 million of a total capital cost of the school of £11 million. It is not clear quite how much of the £1.5M annual revenue expenditure is met by the sponsors, though the following points are relevant to the study:

In addition to the initial capital funding, Cable and Wireless donated a further £29,692 (around 2% of total annual budget) to the school during the financial year 1995-6.

Both the Wolfson Foundation and Cable and Wireless appoint 3 Trustees and 1 governor each to the School. The Secretary of State for education also appoints 1 Trustee. In addition, three teacher governors and two parent governors are appointed, alongside 4 others who are appointed by the college Trust.

Of the 7 Trustees, 4 are also governors (2 of the Cable and Wireless and 1 of the Wolfson appointees).

The governing body of the CTC, therefore, has a total of 5 nominees from business, and 3 of these are senior business people connected with the sponsoring companies.

Because of the comprehensive nature of business involvement in CTCs, both in its funding and management, it is useful to consider briefly the possible rationale behind it. The present chair of Cable and Wireless offers one reason.

> The advance of communication is constantly changing the boundaries of knowledge and taking down social and cultural barriers across the world. We have a responsibility to offer young people an education which provides the breadth of academic, vocational and international experiences essential to prepare them to contribute to their future (Lord Young - chair of Cable and Wireless, John Cabot school, 1995/6 prospectus)

One of the main ways in which young people can contribute to their future, of course, is by contributing towards the development of businesses like Cable and Wireless. The 'responsibility' to which Lord Young refers involves providing the types of qualities in the future workforce that is sought by private companies. There are several possible reasons for business involvement in schools. Firstly, in providing funds to John Cabot, companies such as Cable and Wireless will want to ensure that the school provides the academic, vocational and institutional experiences which *it* feels will suitably prepare young people for the workplace. But the involvement of Cable and Wireless is paradoxical in that it places a great deal of investment in such a small proportion of children who will be free to sell their 'more rounded' education to any employer. Other companies will be able to 'free-ride' off the endeavours of one company (this was the reason for the lack of interest in CTCs that is identified by Margrave, 1984, and discussed in Chapter 5). This implies that Cable and Wireless feel they will gain an advantage in attracting the best pupils from John Cabot through establishing close links with the school, or feel that these links increase the students', their parents', and the community's awareness of the company. Alternatively, Cable and Wireless may well justify their involvement on the grounds that in financing the school they are benefiting businesses more generally, and society as a whole. Indeed, this is a sentiment expressed by Lord Wolfson, honorary life president of Universal Stores, and chair of the Wolfson Foundation which is the second sponsor of the school.

> Enterprise and innovation remain an essential part of a healthy economy. It is vital to maintain an on-going programme for young people to be equipped with the skills to develop the present and meet the challenge of the twenty-first century. We must ensure that British industry is both competitive and progressive to enable the nation and the individual to share the benefit (Lord Wolfson, John Cabot school, 1995/6 prospectus).

Another possible reason for company involvement in CTCs, and one which would support the possible reasons outlined for the involvement of Clerical Medical in the South Bristol Federation, is that association with 'good' projects improves the corporate image of firms, providing a 'soft' form of advertising for them. Indeed, in parts, the school's prospectus resembles promotional material for the firms involved as the following demonstrates.

> Cable and Wireless is a world leader in the field of telecommunications, which for over 120 years has been producing telecommunications services, networks and equipment to business and residential customers across the world. (John Cabot school 1995/6 prospectus)

Such explanations for financial involvement are more convincing in the case of Cable and Wireless, a household name, however, than for the involvement of the Wolfson Foundation which, although having strong connections to Great Universal Stores, is less likely to benefit from such publicity since it is not associated with any particular consumer product.

Private School – Clifton College

The only private school in the sample, Clifton College, is one of the most prestigious in Bristol. It is a mixed sex school with over 650 pupils. In common with some of the state schools in the study, it does not publish comprehensive details of its governors' employment status, though it was possible, using evidence collected from other parts of the study, to establish that, of the governing body of 16, two were prominent business people. Moreover, these two were by far the best connected of any of the governors of the other schools in the study. Both were members of the BCCI's President's Group, and both had links with other social service boards: one the United Bristol Health Trust and the other, the Council of Bristol University. Both also held very senior positions within Bristol companies.

Colleges of Further Education

Three of Bristol's main further education colleges were included in the study. Unlike LEA schools, which have only to consider the extent to which governors represent the local business community, colleges of further education have to ensure that at least half of their governors are made up of business representatives. Business actually made up over half of the total board members of the colleges investigated here. Of the 26 business members represented, it was possible to establish the full status of only 7 of them. Of these 3 were senior, 2 were middle ranking and 2 were junior business people. Alongside formal representation, each of the colleges maintained business links through courses. In addition there was evidence from one college that it managed to attract private cash from local companies.

> Significant funds have . . been obtained from industry partners, and this will allow us to resource the construction of a new building to house a leading-edge training environment for those working in the servicing sectors. (Soundwell College Report and Financial Statements for the Period 1.8.94-31.7.95: page 2)

Although Soundwell college was unusual in attracting private sector funds, or at least in declaring them, it was less unusual in terms of its use of market-orientated language in its Annual Report.

> The college company, Business Development Solutions LTD is now established and trading. . . The company has its own distinct identity and gives the College the flexibility to compete with a growing number of private providers in our markets. . . In financial terms, the college has increased its profitability significantly during the year. . . (ibid.)

On the whole, the links between business and college institutions appeared to be more formal and more visible than was the case with schools.

Focusing on one of the colleges, South Bristol, reveals that 6 of a total board membership of 15 could be described as business members. This includes a business director, a senior Partner in a solicitors, a Deputy Chief Executive, a senior Manager, and two middle Managers. One of these, in addition to being a governor of the college, is connected to three other welfare service boards: WESTEC, Bristol University and Bristol District Health Authority. The college had established links with local businesses for placement purposes but no evidence of direct funding could be found.

Universities

Direct business representation in both Bristol's main universities is extensive and involves senior business people. Both are included here and are looked at in turn.

The University of Bristol Council is responsible for the administration and management of the affairs of the University, including its financial accounts. Its board is made up of 65 members. Most of the appointments to the body are nominated by outside agencies, including the City Council, 3 County Councils and the (exclusive and all male) Society for Merchant Venturers. What is striking about many of the members is the number of connections they have with a range of prominent institutions. Of its members, seven are also members of BCCI's President's Group, four are members of Avon Education Committee; three are jointly represented on the board of United Bristol Health Trust; one on Weston Health Trust; one on Avon Health Authority; one simultaneously on Knightstone Housing Association and the Housing Corporation; two have seats on the BCCI's Employment, Education and Training Initiative and one sits on the board of Clifton College. In addition, eight are trustees of the Greater Bristol Foundation,[25] a charitable organisation which directs funds bequeathed by Bristol's wealthiest families. In terms of their business contacts, six members of the board hold senior positions within Bristol companies (with one additional member being a retired director of a large brewing company), and four of those held more than one directorship or chair of large firms. Hence, Bristol University has not only managed to attract well connected individuals to their board, but also very senior business people.

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[25] The Greater Bristol Foundation (GBF) was established in 1985 by the Merchant Venturers. The range of projects the GBF supports range from housing associations to disability organisations and adult literacy classes to community transport schemes.

The Governing body of UWE is much smaller than that of the old university, having a total board membership of 25 members (13 independent, 8 co-opted, plus the Vice Chancellor and 3 academic nominees) though it is no less dominated by business and other powerful interests.

Many of the UWE's governors hold prominent positions within Bristol's business community. The governing body includes two representatives of business associations – the regional director of the CBI and the director of the Engineering Employers – a proprietor of a small retail outlet; a partner within a Chartered Accountants firm; the director of a Bristol marketing company; and six directors of large national companies. Seven of the governors are also members of the President's Group, and two of those are trustees of the Greater Bristol Foundation. In addition, five of the governors were members of other social policy boards. As well as having as a member the principal of Brunel college, the governing body also includes a member of Avon Health Authority, a member of the United Bristol Health Trust, a member of Westec, and a member of Gloucestershire TEC.

Training and Enterprise Council – WESTEC

As Chapter 5 outlined, legislation is more prescriptive in relation to business representation on Training and Enterprise Council boards than other services. This effectively gives a dominant position to senior business people representing prominent companies. The Western Training and Enterprise Council's (Westec) board is made up of 16 non-executive, and one executive, members. From this, only five do not have direct connections with companies, though they can still be considered to be 'well connected'. They include the vice chancellor of UWE, Bristol's director of education, and the chief executive of the Bristol Development Corporation. The other twelve hold prominent positions within private companies: one is the partner of an accountancy firm, five are company directors, four are chairs or chief Executives and one is a general manager. Six members of the board are also members of the BCCI's President's Group, and one of these sit on the CBI's National Council. In addition to the presence of the vice chancellor of UWE, two of the board members hold other positions within social service boards, one being a non-executive director of Weston Health Trust, whilst another is both a governor of South Bristol College and of UWE.

The Employment, Education and Training Initiative (EETI)

The EETI initiative is included here since it represents a business response to local education and training problems in Bristol. The EETI was established by the BCCI in

1986 in order to address the problems of education and training in Bristol. It has a total of 39 members, which includes 13 senior representatives from private sector firms, and other members from 4 local schools, the National Union of Teachers, 2 FE colleges, the Job Centre, the CBI, both universities, and 2 from the Education Business Partnership. The committee meets monthly, and raises any concerns or issues it has with the BCCI, which are then fed through to the President's Group. Since the President's Group contains the council leader, the leader of the opposition, the chief executive of the council and the director of Education, it is possible that any issues may be solved at this stage. The Group may alternatively feed their concerns to the Association of British Chambers of Commerce, or may invite a representative of the Department for Education to speak on current education or training policy.

At the time the research was completed this initiative was relatively new and no clear and coherent strategy had yet emerged from it. The main function of the initiative appeared to be that it provided a space in which these key issues could be discussed by business and the other partners. It was therefore more of a talking shop or meeting place for interested parties.

Health

Three health trusts, an Area health trust and an Area Health Authority were looked at in this study. One of the health trusts (UBHT), and one of the area health authorities (Avon) are taken as case studies and looked at in greater detail, followed by a brief summary of the findings for each of the others.

The United Bristol Health Trust provides hospital care in 14 hospitals in and around the centre of Bristol. Its board is made up of five executive and seven non-executive directors. The focus here is not on the executive directors (who of course are actual employees of the Trust) but on the non-executive directors and the chair (who is himself a former non-executive director). The current board includes the chair of the HTV Group, as well as the current president of the BCCI. Of the seven non-executives, four are members of Bristol University's council (including a pro chancellor and a vice chancellor) and another is a member of an Area Health Trust. As was the case in the University boards, there are also links through the board to the BCCI's President's Group, the Merchant Venturers and the Greater Bristol Foundation (for details see Appendix 1).

Avon Health Authority has undergone dramatic changes over the past year, in line with government proposals to merge Family and District Health Authorities. This has meant a reduction in the size of the former combined board membership from 22 to 14. Hence, less is known about the current board, its final composition and disclosures of interests amongst its members, than would otherwise be the case. Two board members have clear business linkages. One is a company director and is a member of WESTEC, UWE and South Bristol College, another holds three company directorships and is a member of the University of Bristol Council and BCCI's President's Group.

A similar pattern emerges within the other health trusts in Bristol to that identified in UBHT and Avon Health Authority. Weston Area Health Trust's board contains a company director. Frenchay Health Trust has two business representatives, including the director of Unipart LTD (who is also a member of Bristol Churches Housing Association and the University of Bristol). Phoenix NHS Trust board contains the retired commercial director of South Western Electricity Board, the manager of a small business, and a member of the BCCI's President's Group.

Although business interests cannot be said to dominate health boards, they are certainly present, and are also more senior than was the case with the schools and better connected than the college members. Several are also connected to more than one social service, whilst others are well connected outside the social policy arena. Based on this evidence, it would appear that health trusts are moderately successful at attracting senior business personnel and other prominent individuals.

Housing Associations

This part of the study focused on 8 of the larger housing associations in Bristol. Overall little evidence of business sector involvement in any of the housing associations could be found, apart from 'arms-length' input from the financial sector (in the provision of loans for building and repairs and the representation of accountancy firms on management committees). No evidence could be found of the kinds of partnership initiatives between companies and housing associations which have been actively encouraged by the CBI (and discussed in the previous chapter). Business involvement in HAs appeared, on the whole, to be more patchy than in other areas.

A factor which further complicates research into the business involvement of housing associations, especially research within of a specific geographical location, is that associations themselves vary greatly. Some are very small, consisting of perhaps just one or two properties (which may in turn have been built by 'parent' associations) and are unlikely to have any outside input on their committees. In contrast to this, some are very large organisations, with national as well as regional and local committees. The research here focused purely on the local branches, though the extent of business participation would have been higher if the focus had been on the national committees.

Despite these problems, the board membership of four of Bristol's medium and large housing associations are worth further consideration. The following associations were included in the study: Priority, Bristol Churches, Knightstone (although centred around the South West still the 38th largest housing association in the UK as a whole) and Guinness (the 8th largest national association).

It is clear from this evidence that business involvement varies greatly from association to association. Priority Housing Association has just one business member, although it was not possible to establish her position in the company. BCHA's includes two retired business people (a former director, and a former bank manager). Knightstone Housing Association has, on its board, a senior business person and another who is simultaneously a member of the Housing Corporation and the University of Bristol and who is also married to a prominent local business person.

As well as being one of the largest and oldest of the housing associations in the country, the Guinness Housing Association undoubtedly has the most well connected and senior business members though this is a national rather than locally based board. Its board includes a Conservative MP, a retired merchant banker, and a company director.

BCCI's Housing the Homeless Initiative (HHI)

Included for similar reasons as the education initiative above is the second of the BCCI's community partnership initiatives, the Housing the Homeless Initiative. Set up in the late 1980s, the HHG has very prominent members from the private sector and a prominent member of the city council. Its board includes the Managing director of Dycem Ltd, the managing director and chief executive of McCann Erickson, the managing director of Bristol United Press, and the current director of Housing of Bristol City Council. The group also includes representation from the voluntary sector and from Housing Associations.

The name of the initiative is not particularly helpful in describing what the group actually does, being neither a provider of homes for the homeless, nor a provider of services to help find housing for the homeless. The main purpose behind the initiative was to tackle the negative impact that homelessness and drug abuse were having on trade and tourism in certain parts of the City. Whilst it began life with much grander plans, however, the HHG has evolved into a 'talking shop', providing a forum for public/private/voluntary sector exchange. The intention, according to a member of the BCCI, was for the group to 'trouble-shoot and find solutions' to the problems of homelessness and drug abuse but to hand responsibility for them to other groups (primarily the public and voluntary sectors).

The proposals that have stemmed from the group have been relatively modest. Their initial plans, to provide temporary accommodation in mobile homes, never got off the ground, and has given way to two schemes: the first designed to provide luncheon vouchers for the homeless (which has subsequently collapsed), and the second, to establish a local hostel for the homeless. This initiative became part of the national Foyer Federation movement which combined accommodation, training and advice centres under one roof (the project in Bristol is described in the Bristol Evening Post, 27.3.1996). Although providing the impetus for the development of Bristol's Foyer, the HHG has since handed responsibility for the project to its own management committee, though it does retain important links with the BCCI.

Review of the service Boards

Table 19 presents a summary of the evidence collected in respect of the various boards presented above. Legislative requirements for business membership are shown alongside actual involvement. Business members are categorised by status where possible. As already discussed above, much of the information required to apply this exercise to all the services within the sample is missing, but the information provided for those services represented within the table gives some indication of the extent of business involvement.

Most important is the finding that around 27% of the seats were taken by business members, and that around half of these were taken by senior business people (although a large percentage of members could not be classified in this way). The table also demonstrates the variable inputs of business on the boards (ranging from 12 to 70% of total representation). Most business involvement is found on the TEC, college and CTC boards. In addition, the table also provides measures of business involvement by status (whether senior, middle or junior ranking), although, as the last column shows, it was difficult to establish this information for many of the board members. Two measures are provided. The first gives the figures as percentages of total board membership, the second as a percentage of total business membership. The first illustrates the presence of each category of business person in the total board, the second provides a good indication of the nature of business involvement where it occurs in each board.

In terms of the first measure, senior business members have high presence on the TEC board, medium presence on the CTC, University and health trust boards, with relatively low presence (around 10%) on the others. The second measure, on the other hand, illustrates that senior business people are more likely to get involved in the private school (though the low level of business involvement artificially boosts its figure), TECs, health trusts and Universities, followed by housing associations and the CTC. Although junior business members are more likely to be missed in this analysis (since welfare services are more likely to stress the membership of 'high' ranking senior business people on their boards) the table also clearly illustrates the dominance of junior business involvement in schools and the relatively low level of senior business involvement.

Table 19: Business membership of selected boards

Service	No.	Total Brd. Mem	Statutory Requirement / Guideline	Number of Business members and percentage of different ranking members as percentages of sub-totals.								
						Senior		Middle		Junior		N/K
				No.	% of total	No	% of total / % of bus. People	No.	% of total / % of bus. people	No.	% of total / % of bus. people	No.
LEA Schools	6	110	Representation of Local Business Community	22	20	5	5 / 23	5	5 / 23	9	8 / 41	3
City Tech. College	1	11	Funding from private sector firms provides nomination rights	5*	45	3	27 / 60					2
Private School	1	16	None	2	12.5	2	13 / 100					
Colleges of FE	3	47	Half members to be drawn from business	26	55	3	6 / 11.5	2	4 / 8	2	4 / 8	19
Universitie s	2	90	New universities to have a strong representation from business	20	22	15	17 / 75	4	1 / 5			1
TEC	1	17	2/3rds (10-11) to be chairmen or chief executives	12	70.5	11	65 / 92	1	6 / 8			
Health Trusts	2	26	Emphasis on attracting business people to non-executive posts	5	19	4	15 / 80	1	3 / 17			1
Housing Ass.	4	41	None	6	15	4	10 / 67			2	5 / 33	
Totals	20	358		98	27	47	13 / 48	13	4 / 13	13	4 / 13	26

* = business nominations

8.5 NETWORK ANALYSIS

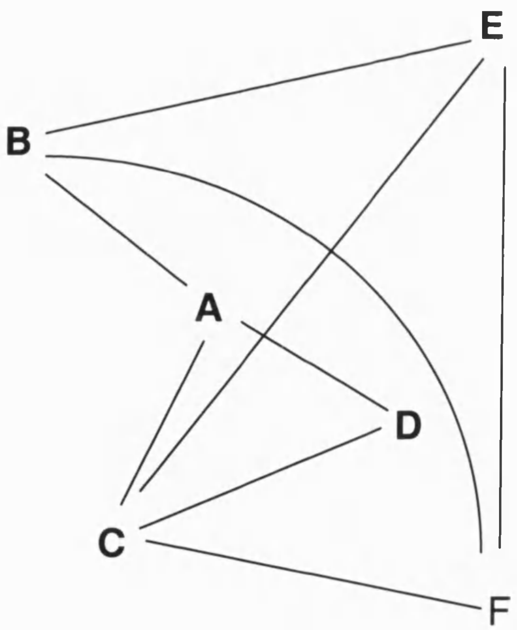
The analysis so far has provided important new findings on the extent of business involvement in various social services, but we can go further than this by applying social network analysis techniques to the data collected. Social network analysis enables us to calculate the number and significance of linkages between organisations and individuals, and helps to detect the most important actors and organisations within a 'network'. The network, in this case, is made up of those individuals and organisations that have some links with social services in Bristol. The objective of carrying out social network analysis is to identify key representatives within the social services of Bristol. The research set out to locate those actors and organisations (business and non-business) which had the greatest 'presence' within the social policy network. Three network analysis techniques are used: centrality scoring, clan detection and hierarchical clustering.

Network analysis procedures

The following section presents an overview of network analysis techniques in order to clarify procedures and terminology used in the rest of the study.

Network analysis begins with the use of the matrix which is used to record actual linkages between nodes, which in our case are actors and organisations. To provide a useful example, Figure 6 records the same information in both diagram and matrix form, recording linkages between 6 nodes (actors): A, B, C, D, E, and F.

Figure 6: Linkages between 6 actors



	A	B	C	D	E	F
A	-	1	1	1	0	0
B	1	-	0	0	1	1
C	1	0	-	1	1	1
D	1	0	1	-	0	0
E	0	1	1	0	-	1
F	0	1	1	0	1	-

The matrix in figure 6 is a square matrix illustrating undirected connections (two-way linkages) between 6 actors (nodes), hence it is symmetrical along its (shaded) diagonal. No point is isolated (each being linked to other actors within the network). Some points (for example B-E) are linked directly – they are linked by a distance of 1; others are linked indirectly (e.g. D-E through C) - they are linked by a distance of 2. Here it is useful to introduce some of the most common measures used in network analysis and which are used in this particular study: centrality scoring and clan detection.

Centrality scoring is a basic measure of how connected a particular actor is within a network. It follows a basic premise that:

> Prominent actors are those that are extensively involved in relationships with other actors (Wasserman and Faust, 1994: 173)

In the diagram above, C is clearly central (with 4 connections) whilst D is the most peripheral node with just 2 connections. By assigning a score in this way to all nodes, it is clear to establish relative centrality between nodes within a network.

Clan detection tells us more than about connections of individual actors within a network. Clans are densely connected areas within a network – where all nodes (actors/organisations) connect to each other. The network above has 3 clans within it: ACD, CEF and BEF.

Both centrality and clan analysis are utilised in this study. For larger networks, such as the one investigated here, the calculations involved are better handled by computer software packages. A statistical network analysis package, Ucinet version 4, will be used here. The analysis begins with measures of centrality.

Before any analysis could take place, the complete database of actors and organisations had to be inputted. When it was completed the database contained a total of 167 actors connected to a total of 167 organisations.[26] The names of all the individuals included in the database have been replaced to guard their identity. To assist with cross-referencing, those individuals who were found to be part of the final

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[26] Once all the information was collected from the various organisations, the database was trimmed according to the following criteria: that the individual within the organisation should be connected to at least two or more organisations, and that at least one of these organisations should be a social service. This left a total of 167 actors connected a total of 167 organisations. Originally the respective figures were around 350 to 600.

'most active' or 'elite' list were assigned numerical figures, from [1] to [34], whilst each of the other actors were assigned an alphabetical figure from [A] to [VVVVVVV].

Centrality

As already outlined, centrality scoring reveals the most well connected actors or organisations within a network. Bonacich's 1987 centrality measure (as utilised by Ucinet IV) allocates a score to each of the actors and organisations within a matrix, based, in the case of a rectangular actor/organisational matrix,[27] on the linkages between a particular actor or organisation, and the relative strength of each of the actors or organisations with which they link. The centrality scores and brief commentary on them have been placed in Appendix 2 (Section 2).

The most central non-business organisations, based on the complete network, were (with centrality scores in brackets) Westec (24), the University of Bristol Council (23), the University of West England (16), Avon Education Committee (14), and Filton College (12). Bristol City Council was also relatively central with a centrality score of 12. Each of these would be expected to have relatively high centrality scores since the social services defined the parameters of the study. Of particular interest was the relatively high centrality scores of some of the business organisations. The BCCI's President's Group had a centrality score of 38 (higher than any other organisation), its Education, Employment and Training Initiative a score of 35, and the Greater Bristol Foundation a score of 14. The most central private sector companies were Wessex Water with a centrality score of 5, Veale Wasbrough with a score of 3 and Rolls Royce with a score of 2 – hardly indicating a particularly strong presence for any one private company within the network.

The problem with looking at the centrality score for the complete matrix is that it is based largely on a measure of the number of organisations an actor is a member of. This is a reasonable measure as far as organisations are concerned since it gives an idea of the presence of these organisations within the network, as represented through their members. In the case of individual actors, it is important to consider not only the extent to which they are members of organisations, but how often they meet with

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[27] The starting point for quantitative network analysis is the matrix. Matrices illustrate, at their simplest, links between nodes (actors and organisations) within a network. They may be square (illustrating actor to actor or organisation to organisation linkages) or rectangular (illustrating actor to organisational linkages).

others within the network. By removing organisations from our rectangular matrix (turning the actor/organisation matrix into a actor/actor matrix) it is possible to gauge the presence of individual actors based on their connections with other actors (the points at which they meet with others, the extent to which they meet with the same actors on different boards). The results of this exercise will be compiled into Table 20 in the relevant section below.

Clans

As already outlined above, clans are relatively densely connected areas within a network – where all nodes connect to each other in less than N linkage lengths. Hence, clan analysis goes further than centrality scoring by focusing not on the most connected actors or organisations, but on the nature of the connections between them. This is important for several reasons. First, the more connections one actor or organisation has with another the more likely it is to be able to exercise influence. Second, the greater the number of 'meeting' places within a network for an actor, the greater the potential for influence of one actor on another. Third, clans can themselves be used as ways for recruiting new board members – bringing new actors into the network and at the same time expanding the size of the clan. Clan analysis can detect 1) the nature and extent of the actor linkages; 2) the possible mechanisms through which one organisation or actor may 'reach' and possibly influence, another; 3) the number of times each actor meets up with others within the network; and 4) the most important (and potentially influential) organisations and actors within the network (measured not just in terms of the number of linkages they have within the network, but in terms of the quality of their links – who or what they link with). Here N-Clan analysis (which specifies that each group of nodes (actors or organisations) must be completely linked by a specified length or less) is used. The latest version of Ucinet includes a measure for N-clans.

Since the objective here was to investigate actor-actor, actor-organisation and organisation-organisation linkages, the value of N was set to 2. Setting the value of N to 2 would reveal: first, direct linkages between actors on single boards; second, the linkages of actors on different boards (through organisations); third, linkages between organisations (through actors). For the submatrix (which excluded organisations, leaving just actor-actor linkages) the value of N was set at 1 (which would reveal direct linkages between actors). The calculation from the complete (actor-organisation) matrix revealed a total of 22 2-clans[28] were located within the complete matrix and 88 located within the submatrix (revealing the linkages of actors to actors), illustrated in Appendix 2 (Section 3). The results are discussed in turn.

The most useful outcome from the clan analysis is that it reveals quite clearly the number of connections between key organisations. It reveals, for example, that UWE, is connected to the President's Group through 7 actors and to the CBI through 2 actors. Two clans have formed around UWE, therefore, since these two sets of 7 and 2 actors respectively meet on at least one key service board within the network.

Bristol University is connected to the President's Group of the BCCI through 4 separate clans containing between 2 and 4 actors. It is also connected to the Employment, Education and Training Initiative (EETI) and the Housing the Homeless Initiative through 2 actors.

The President's Group is by far the most important non-social service organisation in terms of its presence within various clans. Other key organisations, such as the Merchant Venturers and the Greater Bristol Foundation are also important. The Greater Bristol Foundation and the Merchant Venturers are both connected to the university through 6 clans. It is interesting to note that the United Bristol Health Trust is the only non-educational social service that was included in any of the clans emphasising the importance of education and training services to business.

At this point it is useful to try to illustrate this information in a diagram, though it is not possible to simultaneously illustrate the connections between actors at the same time as the connections between organisations. What can be illustrated here within the diagram are the linkages of organisations through actors. Figure 7 reveals the extent of the linkages. The figures in boxes reveal the number of actors that link the organisations. Again the commanding position of the BCCI, in particular its ability to 'reach' the various social services in the network, is clear.

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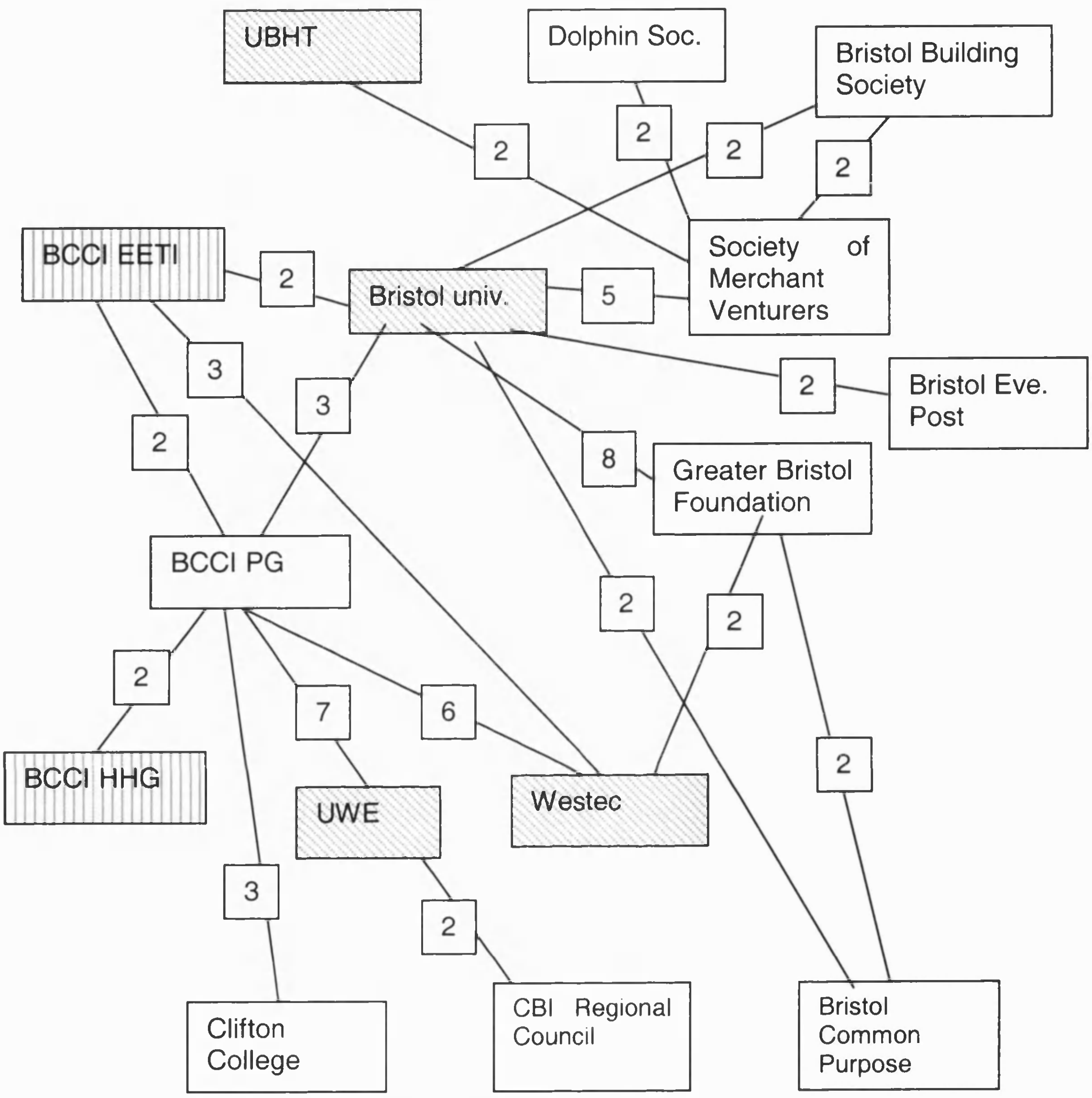
[28] The majority of n-clans in the complete network inevitably included actors with only linkages to 1 board (which complied with the maximum 2-length N criteria). The results were therefore trimmed from 151 to reveal 22 clans that contained at least 2 actors.

Figure 7: Clans in Bristol's social policy network (numbers refer to number of actors connecting points



Social Service

Business initiative

The above clans reveal linkages between organisations and individuals, and in so doing gives an indication of their 'reachability' within a network. As was the case in the centrality study, more is revealed by clan analysis if it is applied to an actor-actor submatrix. If the organisations are removed from the analysis we will gain a picture of the regularity with which actors are joint members of clans. In this case, N will be set to 1, so revealing direct linkages, and the clans themselves will reveal the incidence of joint board membership between actors. The results of this analysis are illustrated in Appendix 2 (Section 3) and will be used in the collated evidence brought together in Table 20.

From this the best connected individuals within the network emerge, defined not just by the number of linkages they have, but by the number of clans they belong to. Here it is useful to analyse purely the actor-actor clans within the network. Rather than present the raw data here, it is useful to present a more straightforward representation of the results through cluster analysis. Hierarchical clustering takes the list of clan members and groups them according to their shared membership of clans. The results are presented in Figure 8. At the top of the hierarchy are those two members that share the most clans. At the highest level, two actors (25 and 16) share 32 clans. These, along with a third actor (17) share 30 clans and so on. Hence, what clustering reveals is a close-knit group of individuals within the network.

As can be seen in the cluster diagram above, the hierarchy 'breaks' at 12 clans, signalling two main clusters: 19 actors who commonly share at least 12 clusters in group A and 3 actors who commonly share at least 12 *different* clusters in group B. The actors in each group share the same clan membership at level 12. The breaking of the hierarchy at level 12 is significant since it is only above this figure that the better connected actors emerge. Below this many more actors are included in the cluster.

All the above actors have business links of some form (either through their connections with the Chambers of Commerce President's Group or some other business club) but eleven of these (shaded in the table) occupy senior or top positions within enterprises or BIAs. The two actors who share membership of the most clans are senior business people. More details of the business and social service links of these actors are disclosed in the final section of the chapter.

Figure 8: Hierarchical clustering of Actors using data collected from N-clan results

ACTOR	Hierarchical Clustering of Shared Clans – Numbers.										
	12	14	15	16	20	21	24	25	27	30	32
28	X	X									
26	X	X	X	X	X	X	X	X			
25	X	X	X	X	X	X	X	X	X	X	X
16	X	X	X	X	X	X	X	X	X	X	X
17	X	X	X	X	X	X	X	X	X	X	
24	X	X	X	X	X	X	X	X	X		
3	X	X	X	X	X	X	X				
7	X	X	X	X	X	X	X				
2	X	X	X	X	X	X	X				
23	X	X	X	X							
31	X	X	X								
17	X	X									
20	X										
30	X										
12	X										
9	X										
29	X										
4	X										
33	X										
15	X	X	X								
5	X	X	X								
14	X										

A

B

Shaded actors are senior business people within corporations or BIAs

A summary of the network analysis results

The objective of applying social network analysis techniques to this section of the thesis was to calculate the number and significance of linkages between organisations and individuals and detect the most important actors and organisations within the social policy network. The various techniques applied to the network database has facilitated this. The linkages between individuals and organisations have been detailed, and the most significant actors and organisations have been identified.

Since the focus of the analysis has been purely on representation on social services, this study does not claim to have identified Bristol's elite. To locate an elite in Bristol would have required a different starting point, and a much wider focus. What this study has done is locate significant individuals and organisations within the social policy network in Bristol.

Dealing first with actors, the most important according to centrality measures and clan and cluster analysis, have been placed in Table 20. This final list of key actors contains 32 individuals. Twelve are members of WESTEC, 10 are members of Bristol

University's Council, 6 are members of the board of the University of West England, 5 are members of the boards of various health trusts, 4 are involved in the BCCIs initiatives, 1 is involved in an FE college and 1 is involved in a housing association. None of the 32 participated in schools. Almost all have links to a business organisation (club or BIA) but not all are business people. Of the 32, 4 hold elected office (though 1 of these is also the director of a company) and 5 work for public sector organisations (including quangos). The majority (22) are senior business people. These are shaded in the table. Even this estimation of the significance of business within this core is likely to underplay the importance of business. Most of the actors had links to the Chambers of Commerce through the President's Group, even if they had no formal links with individual enterprises. Moreover, at least one of the 'non-business' actors had strong business linkages through marriage. Actor number 3 in the table below, for example, does not have explicit business links, though Garrett's study illustrates that she is married to a retired senior partner in a large law firm who is actively involved in Bristol's business clubs.

Ten of Garrett's elite actors appear in the table. Since some (minimal) use was made of the information contained within Garrett's study, some of these actors would have been given a 'boost' in the measures of significance applied here. Without the benefit of Garrett's paper it is likely that most of these ten actors would have dropped one or two centrality points, or would have been slightly less significant in the clan analysis. They would *not* have dropped out of the key group of actors included in the table above however. Most importantly, Garrett did not look in any detail at the membership of social service boards. Despite having different methods, approaches and objectives, therefore, this analysis has identified several key individuals who were also present in Garrett's list of elite actors. These are identified in the table.

Even if a well connected 'elite' grouping exists within the social policy network, this does not, of course, necessarily bestow on these members additional influence. But by virtue of being better connected than other members of a particular board such individuals may well have higher status – not to mention greater experience – than other board members. Added to this is the fact that their status is likely to have played a part in their election in the first place. It may also be the case that, where key members with similar interests and common board-membership are present this is likely to increase the potential for collusion, and the creation of a particular dominant set of (business) ideas within services.

These findings are important to the study of business and social policy for a number of reasons. First, they suggest that whilst some welfare services have found it difficult to recruit business members in the past (as Ashburner highlighted in Chapter 5) some are extremely active in social policy. The existence of 'super-active' individuals within services has undoubtedly been encouraged by the creation of competition between social services for business representatives over recent years. Second, they suggest a bias towards involvement in educational services. Higher status services are also favoured above lower status ones. The indication is also that certain social services (the two universities in particular) provide key meeting places for a number of senior business people. It is possible, therefore, that membership of these services is as much about the opportunities provided by membership than their role in providing educational services. Third they suggest that, if business elites exist, they are likely to be present on social service boards. The greater number of openings to business will only serve to increase the incidence of this.

Moving now to consider organisations, it is clear from the above that certain organisations are more important in the social policy network than others. These organisations provide the most important meeting place for key actors and if organisations are important to helping to foster or propagate particular viewpoints (for example, business viewpoints), these will be the organisations that are most influential. The social services with the highest presence in the network are: the University of Bristol, UWE and WESTEC.

Regarding non-service organisations, it is not private companies that have the most significant presence on the network, but BIAs and elite clubs (the BCCI, its President's Group and the Merchant Venturers). Of these, the President's Group is by far the most important with twenty five of the most significant actors being members. The prominence of the BCCI is important not just because it provides a forum for these key individuals to meet, and not just because of the potential it offers to social services for the recruitment of new board members, but also because of the potential it provides for the BCCI to influence policy. With such a presence on the network, the BCCI is in a key position to propagate a business perspective or business approach to social policy or social services (whether state or public-private initiatives), though it is limited in its ability to do this by statutory controls over service provision, of course. The existence of the President's Group is also likely to ensure that the Chambers of Commerce retain a key role within the social policy network. As new prominent business or non-business actors are recruited to the social policy network, and as new senior members of the various service boards are recruited, so the President's Group will continue to recruit them.

Table 20: Most active members of the social service network

1	Member– WESTEC	Avon Ed C	Elected Labour member of Avon County Council	Dir. Renecross LTD				
2	director of Avon County Council	Member - BCCI'S President's GRP	Member – WESTEC	Trustee – Greater Brstl. Foundation	Member of Bristol Common Purpose			
3*	Member – University of Bristol College	Member - Greater Bristol Foundation	Member of Bristol Common Purpose	Member – The Housing Corporation.	Member Bristol Development Corp.	Magistrate – Brstl. Bench	Member of Knightstone Housing Ass.	
4*	Vice chair – University of Bristol Council	Member - Greater Brstl. Foundation	Member – United Bristol Health Trust	Member - Society of Merchant Venturers	Member Dolphin Soc.			
5	Managing Dir. - Ferguson Mann Architects	Member - BCCI'S President's GRP	Member - Univ.OF W. ENG.	Trustee – Greater Brstl. Foundation				
6	Member Sth Brstl College	director - Peaches Golding Marketing	Member – WESTEC	Member – Bristol District Health Authority	Member - Univ.OF W. ENG.			
7*	Member – BCCI's Presidents Grp (Founder member of BCCI)	Elected Member Bristol City Council	Member - Brstl. Common Purpose	Member - Greater Brstl. Foundation	Brstl Dev Corp.	Member - WESTEC		

8	Member - Brstl. Development Corporation	Member - BCCI'S President's GRP	Regional chair - British Gas	Member - Univ.OF W. ENG.				
9	Wessex Water	Member - BCCI'S President's GRP	Member – WESTEC	Bus in the Community				
10	Member – Regional CBI Council	BCCI HHG	BoardMember - Brstl. United Press	Member - BCCI's Presidents Grp				
11	Regional director – Engineering Employers Association	Member - BCCI'S President's GRP	Member of CBI's Regional Council	Member – Univ. of W. Eng.				
12*	Member – University of Bristol Council	Member - BCCI'S President's GRP	Dir. IBM	Dir. Beecham Group	Member Bristol District Health Authority	BoardMember - Brstl. Evening Post		
13	Member – BCCI'S President's GRP	Member Phoenix NHS Trust	Founder Member of BCCI's Housing the Homeless Group					
14	director of Copperfields	Member of Member - BCCI'S President's GRP	Trustee of Greater Bristol Foundation	Member of Clifton College	Former member of Bristol University Council			
15	Member - BCCI'S President's GRP	Member – BCCI's Housing the Homeless Group	Trustee – Greater Brstl. Foundation	Chair – McArthur Group	Member - Society of Merchant Venturers	Member - St Stephens Ringers	Member - Univ.OF W. ENG.	

16*	Trustee – Greater Brstl. Foundation	Chair - Pontin Charity Trust	Member - BCCI'S President's GRP	Chair - JT Group LTD	Member - Society of Merchant Venturers	Board - GWR Radio	Member - University of Bristol Council	Founder Member of BCCI's Housing the Homeless Group
17*	Elected Labour Member of Bristol City Council	Member - BCCI'S President's GRP	Member - Brstl. Common Purpose	Brstl Development Corp.				
18.*	Member - BCCI'S President's GRP	Trustee – Greater Brstl. Foundation	Member - University of Bristol Council	Member – Brstl. Common Purpose				
19	Triodos Bank	Member - BCCI'S President's GRP	Brstl Cyrenians Committee	Wessex Water				
20	Chief Exec. - Alderley Holdings International	Member - BCCI'S President's GRP	Member – WESTEC	Member of CBI's Regional Council				
21	Chair of HTV Group	Member - BCCI'S President's GRP	Member United Bristol Health Trust	Member of Clifton College				
22	Univ. Brstl	Avon Ed C	Member - BCCI'S President's GRP	Member – Brstl. Common Purpose				
23	Principal - Brunel College of Art& Technology	Member - BCCI'S President's GRP	BCCI EETI	Member - Univ.OF W. ENG.				
24*	Member Brstl Development Corporation	Member – BCCI'S President's GRP (and founder member of BCCI)	Deputy chair - Wessex Water	director - Brstl & West Building Society	Member - Society of Merchant Venturers	Trustee – Greater Brstl. Foundation	Member - University of Bristol Council	Clifton College Board

25	Managing director – Dycem	Member of BCCI's Housing the Homeless Group	Member of BCCI's Education Employment and Training Initiative	Trustee – Greater Brstl. Foundation	Member - BCCI'S President's GRP	Member - University of Bristol Council	Member - Society of Merchant Venturers	
26*	Chair – Transport Users Consultative	Member - BCCI'S President's GRP	Conservative Elected member – Bristol City Council	Member - Brstl. Common Purpose	Member – University of Bristol Council	Member - Society of Merchant Venturers	Member - Dolphin Society.	
27*	Trustee Greater Brstl. Foundation	Dep. Chair Brstl Evening Post	President – Brstl & West Building Society	Member - University of Bristol Council	Member - Society of Merchant Venturers	Former Chair – Wessex Water		
28	Member Western Education and Training Partnership	BCCI EETC	Trustee – Greater Brstl. Foundation	Member – WESTEC				
29	BRITISH AEROSPACE	Member – WESTEC	Member - BCCI President's Group					
30	Member - UWE.C.	Member – WESTEC	Member - BCCI'S President's GRP					
31	General Manager - SUN LIFE ASSURANCE	Member – BCCI'S Presidents GRP	Member – WESTEC					
32	Chair - Veale Wasbrough	Member - BCCI'S President's GRP	Member – WESTEC					

* Appear in Garrett's Merchants of Power

Underlined = in hierarchical clustering

8.6 SUMMARY AND CONCLUSIONS

This chapter has investigated the nature and extent of business involvement in social policy within the city of Bristol using qualitative and quantitative techniques. The focus here was purely on agency: business organisations and individual business people. Structural influences play the least important role on the local level (especially given the reduction of local authority autonomy and responsibility which reduces the potential impact of local government on business investment decisions. Wage levels are likely to impact more heavily). Of particular importance have been the increasing openings for business at the local level. Certain parts of business have clearly responded more enthusiastically to these opportunities to help shape social provision within localities.

The first part of the study highlighted 1) the different forms of business involvement, and 2) the extent of business provision on social service boards. Business becomes involved in service provision through direct funding (sponsorship), direct provision (through initiatives), and direct representation on service boards. Obtaining information on business funding was difficult, but the size of business donations to services clearly varies according to service area and service type. Funding is most important in education and training services, but even here it is only significant in CTCs where business sponsorship is formalised. Other forms of involvement, such as placement provision, apply only to schooling. Where business had become more directly involved in provision, through the two initiatives launched in the areas of education and employment and homelessness had made little real impact on overall levels of provision, and were merely talking shops. Their importance is more to do with the opportunities for networking and public-private partnership involvement than the actually contribution they make to problem resolution.

The most important form of business involvement is direct business representation on social service boards. This provides an important route through which business may impact on the delivery of services. The first part of the study revealed that business representation on service boards is relatively high (at around 27%). Here there is a hierarchy of interest in certain services which cannot be fully explained by statutory requirements. Despite the important role they play in preparing future generations of workers there appears to be less business interest in school governance than, for example, in TECs, universities and health trusts. Statutory requirements for business representation are one explanation for this pattern, but do not tell the complete story. What emerges is high business involvement in TECs and colleges (where statutory regulations require business involvement) but lower involvement in schools (where guidelines are slightly less prescriptive in terms of numbers or seniority of business representatives), involvement was also high in the old university which was subject to least formal controls. Senior business people tend to favour involvement in TECs, universities, health trusts and even housing associations but at the same time tend to avoid involvement in schools. If we look at our group of most prominent interests in the network, greatest involvement is in the higher profile services - TECs, universities, health trusts and larger housing associations. Thus, whilst statutory requirements certainly boost the level of business involvement in services, it does not necessarily guarantee business interest or involvement of senior business people.

The second part of the study took the research further by focusing on the levels and forms of business representation on service boards. The focus was on enterprises, business associations and individual business people. The aim was to calculate the number and significance of linkages between organisations and individuals and detect the most important actors and organisations within the social policy network. This research found that certain actors were especially well connected and particularly active. Despite there being clear difficulties in generating business interest and involvement in social services, there are clearly some key business actors that play a very active participatory role. The fact that a particular member is well 'connected' may not bestow on them extra power, but it may provide them with higher status within these boards, or may elevate them to more senior positions within them. Their connections may also have played a part in their election in the first place. An elite social network, if it exists, may therefore be important in providing an arena wherein its members are able to meet and exchange views and ideas.

As far as the institutions of business are concerned, it is not private companies which were found to be most important in this part of the study but BIAs and a range of other business and elite clubs. Some, such as the BCCI and its President's Group, have a particularly high presence on the network, providing opportunities for influencing not just services, not just its (business) members, but also public sector actors and members of the local elected state. The BCCI in particular is in a key position to propagate a business perspective or business approach to social policy or social services.

The explanations for business involvement in social services are complex. The role of central government and business organisations, such as the national CBI, have clearly been important in encouraging and facilitating greater levels of business involvement. Since it is ultimately individual business people that actually get involved in various services and initiatives, we also have to consider these in explanations for involvement. The following section deals, in turn, with BIAs, individual business people and the state.

Taking first the activities of organised business, the regional CBI and the Chambers of Commerce view their roles and interests quite differently. The CBI's activities are very much shaped by its position as the regional branch of a more powerful national organisation. Its main activities were directed towards recruitment and member services. Where it did get involved in local decision making this tended to be in areas other than social policy (for example in the area of local taxation). It sought involvement in policy making only in those areas which impacted directly on local business interests, since the national branch was considered to be better placed to address national policy issues. In addition, the CBI appeared to have much less of a local city-identity and focus than the Chambers, being more concerned about issues such as regional development.

The CBI also had less interest in business involvement in social provision. As the CBI respondent stated, it, and business more generally, was only interested in social policy insofar as it impacted on profits. The outcome of this is likely to be that business interests are steered towards social policies which lower business costs, including labour costs, or impact positively on labour productivity. The importance of this in steering CBI interest at the national level has already been outlined in the previous chapter. But it also explains, to some extent, the lack of coordinated CBI response to social policies at the local level. It would explain the local branches reluctance to involve local members in social provision. It would also explain higher interest in local business taxes, and interest, in so far as it was expressed, in policy areas where business could exercise more influence, for example, in local training policies. Beyond this the national organisation could play a more important role in protecting business' 'bottom line'. This stance of the local CBI regarding local social provision was at odds with the general encouragement from the national branch of the CBI to increase active partnership and business involvement in social policy, particularly in education and training.

Interestingly, the local Chambers of Commerce appeared to take the national CBI's advice more seriously. The Chambers openly acknowledged the importance of the CBI as the catalyst for their own active involvement in local issues. The organisation had a body of staff who were dedicated to the development of a number of initiatives, two of which were designed to tackle social problems: homelessness and training. The BCCI also had a great many connections with welfare service board members, and indeed had the highest presence on the social policy network than any other institution. The fact, of course, that the BCCI had this more active approach to social provision undoubtedly had an impact on the CBI's lack of involvement (the CBI could leave this role to the Chambers). Business perspectives (perhaps even ideological domination) would impact on social services without the CBI needed to take action.

An alternative explanation of the patterns of business involvement in social policy would relate to business time-frames and the free-rider problem. Since organisations such as the regional CBI and the local CoC both should have longer time-frames and be less susceptible to the problem of free-riders, we would expect these organisations to play a key role in co-ordinating (particularly longer-term) responses to social problems. For individual businesses and business people, however, we would expect a shorter time frame, with more concern over free-rider problems, leading to two outcomes. First, companies would be less likely to devote resources to services, and more likely to opt for low-cost involvement, such as encouraging employees to get involved in services. Where companies do help to fund services, we would expect these to be larger firms with longer time frames. This explains the involvement of larger firms in school sponsorship, for example. Higher profile involvement of companies was restricted to schools and colleges. Second, individual business people would be more likely to get involved in services because of personal values or the opportunities it offers rather than wider business gains. They may become members for reasons of status or the positive feelings that stem from association with positive services, or for the opportunities for networking though it has not been possible to investigate this further.

The more senior the business representative, the less this appears to reflect concerns over welfare services and the potential impact of social policy on business productivity. If their interest is in productivity we would expect more active involvement of senior business representatives in schools. Here again, opportunities for networking or participating in position services may be important explanations for involvement.

The position regarding enterprises is more difficult to comment on here. Whilst signs of corporate involvement were found (in schools and colleges in particular) the full extent of their involvement may well have been invisible to the methods employed here. Most importantly, it was not possible to determine whether or not the involvement of business people on welfare boards was sponsored by or encouraged by employers or not. It was also not possible to establish how far these business people represented the views of their business, of business as a whole, or merely personal opinions and preferences.

In any explanation of the pattern of business involvement in services, we have to acknowledge the role of the state and the welfare institutions themselves. A key reason for the involvement of business individuals and institutions is the activities of the state and of service providers themselves. The result of Government pressure for greater business involvement is that it has, according to other important studies (for example the work of Jamie Peck and Ashburner and Cairncross reviewed in Chapter 5), created competition for 'active', well connected business people. Notwithstanding stipulations laid down by government, social service providers are likely to prefer to recruit business people with a good range of skills and experience and who have demonstrated some enthusiasm for working in similar areas. Since the institution may derive some status from their business connections (particularly those services that are now 'competing' against others for 'customers'), and since private sector funds are becoming more important in public services, they may also prefer to recruit senior business people from larger businesses. In this competition for business people, schools compete with Universities, compete with TECs and compete with health authorities. In such a climate it is no surprise to find that business people, or other key actors, should choose to get involved in the most prestigious, largest organisations with bigger budgets and greater autonomy. The key question is what all this will mean for social policy in the future. The concluding chapter will return to this and other related questions.

9. THE FIRM AND SOCIAL POLICY: AN AUDIT OF OCCUPATIONAL WELFARE

9.1 INTRODUCTION

This chapter focuses on what is commonly referred to as occupational welfare. It attempts to outline the contribution that employers make to overall levels of social provision through their own social policy. This is a neglected area in social policy literature. The situation is well captured in the following passages.

> There is no single adequate data set on fringe benefits in Britain (Green et al, 1985: 265)

> It is quite remarkable how little is known about 'fringe' benefits. . . . [V]ery little attention has focused on the non-wage benefits that are often a part of the 'reward package' (Mann, K. 1989:6).

> There is very little in the way of pre-existing policy research, no easily accessible data-bases or, indeed, even sample surveys of what employer care is being provided in Britain and by whom. The literature that exists comes from the field of human resource management or is provided by companies themselves (May and Brunsdon, 1994: 147).

> Occupational social security benefits have, to date, been an underresearched topic in the UK (Casey, 1994: 229).

> The role of the firm in setting and delivering social policy has been a neglected subject in scholarly writings about private sector social policy (Rein, 1996:27).

Although the situation has improved over recent years, the picture of the extent of occupational social policy is still far from complete. Contributions have been made by two main sources. First there have been a number of studies carried out into specific, albeit narrow, areas of social policy. Examples here include studies on maternity, family friendly provision and housing provision (Callender et al. 1996; Forth et al, 1996; Forrest et al, 1991). These have been complemented by more general analysis of fringe benefits, though such studies often include a whole range of benefits that go beyond social policy (Green et al 1984; Russell, 1991). They also often only provide only snapshots of provision rather than time-series data. Many are also dated now and hence offer very limited or no value to this study.

A second group of studies do not attempt to assess the provision of individual firms but focus on official data that reveals the costs of mandated and voluntary occupational provision. The advantage of this is that it allows us to assess the argument of who actually pays for occupational welfare (whether the employer, the employee through lower wages or consumers through higher prices). The biggest problem with official sources is that they do not distinguish between social policy and other forms of non-wage benefits. The key studies to draw on such sources (Tachibanaki, 1989 and Rein, 1996) also used data which dates back to 1981 and 1985 respectively making a more contemporary analysis necessary.

The contribution that this particular chapter seeks to make is to bring together a range of data from official and non-official sources in order to in order to gauge the extent of provision and document changes between sectors and over time.

9.2 METHODOLOGICAL ISSUES

The problems associated with the definition of what constitutes occupational social policies were discussed at length in Chapter 4. Put simply, the key problem with the small number of studies that have focused on the social policies of firms is that they have tended to rely on definitions that are so broad as to include areas not commonly thought of as social policy. Many definitions focus on the full range of employee fringe benefits which include goods and services as diverse as sports-club membership, subsidised canteens, travel expenses, company cars, uniforms and clothing allowances (Titmuss, 1974: 139-141; Rein, 1983, 1996; Bryson, 1992; May and Brunsdon, 1984). As already outlined in section 5.4 above, Bryson even includes within her definition intangible benefits such as *contributions to general enjoyment and personal development* (1992:140).

It is argued here that such definitions go beyond any useful conception of social policy. Here the focus is much narrower and includes the following: occupational pensions, sickness benefits, maternity provision, childcare, housing, private medical insurance and training.

A problem with available data is that it often fails to allow for these different types of spending to be distinguished. It is possible to obtain official data on the total costs of non-wage benefits, for example, and even possible to distinguish spending on mandated and voluntary welfare. It is not possible, however, to distinguish the costs of other forms of social policy from a range of other non-wage benefits. It is not possible, for example, to distinguish between the costs of housing provision from the costs of subsidised canteens and employee uniforms. Academic studies, on the other hand, tend to be very narrow, often focusing only on specific areas of social policy such as childcare or maternity provision. Both academic and official data also often only provide snapshots of the extent of overall provision but neglect to demonstrate temporal changes.

The most useful official data source is the labour costs survey, last carried out in 1992 by the Department of Employment, as part of a wider EU study (estimates were released for 1994 in 1996). This is used here alongside the annual Labour Force Surveys, General Household Surveys and data provided by organisations such as the Industrial Relations Survey (IRS) and the Policy Studies Institute. A problem with using such a wide range of sources, of course, is the extent to which they can be compared. For each piece of data that is reproduced there are problems relating to the ways in which the data was originally collected and the comparability of sample size. Despite these problems, however, the range of data collected and collated does provide us with a good approximation of levels of social policy within the employment sector.

9.3 THE EXTENT OF EMPLOYER PROVISION

Non-wage labour costs, which include social provision, make up a significant, and until recently, expanding part of total labour costs. In the early 1970s they made up around 10%, peaked at around 18% in 1981, and, in the 1990s have stabilised at around 15% (Eurostat 1991, 1995; ONS 1996). Put another way, wages as a percentage of total compensation fell from around 90% in the mid 1960s to around 82% in the 1980s, and have since increased to around to around 85% today. Indirect wage costs fund both mandatory and voluntary social provision. The biggest indirect cost to employers is national insurance. Since national insurance contributions are really just another form of taxation, they are not included here. It would have been useful to gauge the costs of mandated benefits paid directly to employees (statutory sickness and maternity pay) but unfortunately it is not possible to obtain figures which distinguish between national insurance and other mandated benefit costs. In addition to mandated provision many companies also provide additional benefits in a range of areas. They may provide benefits at levels above the mandated minimum, and may provide a whole range of other benefits and services, for example, nursery and crèche subsidies, training, and housing. The costs of providing this range of benefits are discussed under the relevant sub-headings below.

The costs of occupational welfare

Employers' voluntary social security payments (which include amounts paid into occupational and private pensions, the cost of insurance funds and lump-sum ex-gratia payments) increased rapidly in all but the financial sectors between 1975 and 1985 (see Table 21). This trend is what led Martin Rein (discussed in chapter 4) to conclude that we are experiencing significant increases in non-wage social provision. In fact the evidence suggests that provision began to *decline* from the mid 1980s. The rate of decline varies between sectors. In manufacturing, for example, costs remained reasonably stable at between 4-5 percent. In the case of financial services and the former utilities, however, costs fell by half. When all sectors are combined, voluntary social security costs *fell* from almost 8 to 4.6 percent between 1978 and 1994.

Also interesting is the fact that there appears to have been some convergence in voluntary costs over the past 20 years. At the same time that the sectors with highest costs have tended to reduce, the construction sector – with lowest voluntary social security costs in 1979 – actually increased slightly over the 1980s and 1990s. In 1978 there was a difference of almost 10 percentage points between the construction and financial sectors. In 1994 the biggest gap was between the distribution and financial sectors and this had narrowed to just 3.5 percentage points.

Table 21: Occupational Welfare Provision 1978-1992/4 expressed as a percentage of total hourly wages (various sectors).

	Voluntary social security					Redundancy Payments					Vocational Training			
	1978	1984	1988	1992	1994	1978	1984	1988	1992	1994	1978	1984	1988	1992
Manufacturing	4.8	5.3	4.2	3.8	4.0	0.5	2.2	2.0	2.4	0.8				
Electricity gas & water	12.2	12.1	7.4	6.1	6.2	0.4	7.1	1.5	4.3	2.9				
Construction	2.3	4.1	3.0	3.3	3.3	0.2	0.7	0.5	1.4	0.6				
Distribution	4.3	6.9	3.9	3.0	3.0	0.2	0.7	0.4	0.9	0.4				
Financial services	15.1	13.8	8.8	6.4	6.5	0.1	1.2	0.5	2.5	1.3				
All (averages)	7.7	8.4	5.5	4.5	4.6	0.3	2.4	1.0	2.3	1.2	1.9	1.5	1.5	1.7

Source: Labour Market Trends, 1996: Table 5.7; Eurostat Rapid Reports: Population and Social Conditions 1991(2): Table 2; Employment Gazette, Sep 1994: 314; 3

Moving now onto redundancy costs we can see the variable nature of certain benefits, not only between sectors, but also over time, the trade cycle being a clear determining factor. Historically, the distribution sector has had the lowest redundancy costs. The highest have been within the energy sectors, soaring from the mid 1980s and the early 1990s. This is to be expected given the high number of redundancy leading up to and following the privatisation programme. It also reinforces the point that the level of occupational welfare costs does not necessarily indicate increased benefits for labour.

A more complete account of the total costs of occupational welfare is included in Table 22. Although this table is by no means exhaustive in terms of types of provision, it utilises data published by the EU to provide a more comprehensive review of occupational welfare than has been included in previous studies (notably in Rein, 1996 and Tachibanaki, 1989). Unfortunately, however, it has not been possible to obtain figures over time. The table highlights the role that voluntary provision makes to overall levels of social policy. This time, for reference, the cost of mandated provision is also included. According to these figures, employers contributions to voluntary social provision are almost as high as their contributions to mandated provision (which are made up primarily of NI contributions, but also including statutory sickness and maternity pay). The most important voluntary benefit is employer contributions to occupational pensions. This is followed by vocational training, and then payments for sickness provision (either insurance based or through above statutory sick pay).

The table also highlights sectoral differences in occupational provision. The former utilities clearly incur larger costs in all areas. It is important to note, however, that mandated provision is actually lowest in this sector. This is due mainly to the fact that employers NI contributions are switched into occupational rather than state pensions schemes where they are offered.

Unfortunately it has not been possible to obtain figures on subsidies for housing, child care and health care. From the figures available, however, it is possible to estimate that the combined costs of welfare provision other than those outlined above, would not have exceeded 3.7% of total wage costs in 1992.[29] Voluntary social security

[29] This figure is calculated from Eurostat, 1992. This survey included categories for 'benefits in kind' and 'other expenditure'. The former included reduced price products, company cars and assistance with accommodation which was valued at 2.25% of total wage costs. The category of 'other expenditure' included rectruitment costs and subsidised canteens alongside care services, child care nurseries, and medical services. These were valued at 1.49% of total wage costs in 1992.

payments, redundancy and vocational training are, without doubt, the largest elements of occupational welfare.

From this evidence we can conclude that occupational voluntary welfare spending, whilst being significant, appears to have fallen since the mid 1980s. Now that general data figures on the costs of provision have been presented, it is useful to consider the extent of provision by welfare area.

Table 22: Occupational welfare provision, 1992, (as a percentage of hourly wage costs, by sector)

	Mandated social provision (NI contributions, sickness benefits etc.)	**Voluntary Social Provision**					**Total Voluntary Social Provision**
		Supplementary Pension Scheme	Sickness Insurance Scheme	Sick Pay	Other Direct Social Benefits	Vocational Training Costs	Totals
Mining and quarrying	8.66	2.63	0.56	0.42	0.22	1.24	5.07
Manufacturing	7.5	3.28	0.34	0.96	0.09	1.38	6.05
Electricity, gas and water	6.26	7.65	0.05	1.34	0.13	2.27	11.44
Construction	8.03	2.69	0.34	0.66	0.18	2.54	6.41
Wholesale and retail	7.16	2.56	0.29	0.83	0.09	1.02	4.79
Hotels and restaurants	6.88	1.56	0.28	0.81	0.05	1.32	4.02
Financial	6.31	5.73	0.46	0.7	0.19	1.42	8.5
All sectors	7.55	3.45	0.33	0.91	0.38	1.62	6.69

Source: Eurostat, 1996: tables 28 and 29.

Occupational Pension Schemes

The highest proportion of voluntary social welfare spending is accounted for by occupational pension schemes. Around 50% of the total working population are presently covered by such schemes. The trend during the post-war period was for occupational pensions to increase rapidly until the late 1960s, but with a subsequent levelling off and decline since the mid 1980s (Government Actuary, 1994: 4). Table 23 illustrates that 59% of full time employees were members of occupational pension schemes in 1975 which rose rapidly to 65% in 1979 but had stabilised at around 57% by 1995. The trends are different for men and women, however. The number of men with occupational pensions in 1996 was 58%, whilst 55% of full time women had occupational pensions. If all workers, full-time and part-time are included, however, the figure for the whole workforce covered by occupational schemes in 1991 would fall to around 48% whilst the figures for men and women would be 57% and 37% respectively (Government Actuary, 1994: 4).

Table 23: Changes in occupational provision 1975-1995

	Percentage of social protection costs met by Employers (mandated and voluntary provision)[1]	Housing (rented with job or business) - %[2]	Refunds of housing expenditure % of employees[3]	Vocational training costs as % of total wage costs[4]	Employers participating in training (last 4 weeks) %[5]	Employer cont. to off the job training costs[6]	Redundancy costs as a percentage of total wage costs[7]	Employer provided PMI (% of employees covered) %[8]	Membership of Occupational Pension scheme % full time employees covered[9]	% of employers providing help with childcare (female employees only) %[10]
1975		3		1.9			0.4		59	
1980	33.5	3 (1979)		2.0			1.1		65 (1979)	3 (1979)
1985		2		1.5	8.5 (1984)	64.4	2.4 (1986)	4.9	61 (1983)	
1990	27.3	2		1.5	14.3	69.4	1.0	7.0	61	4 (1988)
1993	26.2			1.7 (1992)	13.3 (1992)	67.6	2.3 (1992)	7.1	58	
1995		2	2		14.4 (1994)	67.4	1.2 (1994)	7.0	57	9 (1996)

1. Eurostat, 1996. Social Protection Expenditure and Receipts 1980-1994
2. General Household Survey, 1995
3. Family Resources Survey - Great Britain 1994-5. HMSO Dept of Soc Sec
4. Population and Social Conditions, 1991:2
5. Training Statistics 1994
6. Source: Labour Force Survey, 1985-1996, Spring figures.
7. Labour Market Trends, Feb 1996: Table 5.7
8. Calculated from IRS Employment Trends, 1995, 578: 14
9. General Household Survey, 1995: table 5.3
10. Callender et al 1996) Table 1.8

Table 24: Provision by occupational status

	Member of Occ. Pension scheme (f-t Men) % (1996)[1]	Member of Occ. Pension scheme (f-t) Women % (1996)[2]	Numbers with employer-paid PMI plans by occ group % (1995)[3]	Housing (rented with job or business)[4] % (1992)	Employees receiving any Training % (1990)[5]
Prof	79	80	7	4	56
Managers	84	84	9	3	56
Intermediate n.m	88	75	3	2	48
Semi-Skilled/Skilled	61	52	3	4	40
Unskilled	34	33		0	47
Econ inactive				0	
Total	58	55		1	
Public	83	61			
Private	43	27			

Social Security Statistics 1996
Social Security Statistics 1996
Calculated from GHS, 1995: tables 8.4 and 8.5
General Housing Survey 1992
Training Statistics 1990

Table 25: Provision by sector

	Members of Occ. Pension scheme % of employees (1995)[1]	Number of companies with workplace nurseries (1996)[2]	Off the job training – % participating (1993)[3]	ON the job training - % participating (1993)[4]	Receives no training % (1993)[5]	Training costs (% of total wage costs) (1991)[6]	Extra-Stat. maternity leave (% providing) (1996)[7]	Extra-Stat. maternity pay (% providing) (1996)[8]
Energy and water supply	84					2.3		
Other services	77	7		49	5	1.8	7	14
Transport and Comms	65		47	43	7	0.9		
Bankng, fince & Insur.	63	2	45	47	4	1.4	8	11
Engineering	58			41	6	1.4		
Construction	45	-	34	30	9	2.5	3	4
Dist, hotels & catering	34	1	36	62	7	1.3	3	5
Agriculture	16							
Public sector		9	57	46	-		25	30
Private		2					4	7
All sectors		2	45	46	5	1.7		
1000+ employees	82				-			86
100-999	71				3 (500-999)		28 (500+)	47 (500-999)
25-99	53				8 (10-199)		7	12 (1-99)
Less than 25	35							

1. General Household Survey, 1995: 5.7
2. Forth et al, 1996: table 5.1
3. Training Statistice 1993
4. Training Statistics 1993
5. Training Statistics 1993
6. Population and Social Conditions Survey, 1991:2
7. Forth et al 1996 – table 3.1, 3.4
8. Forth et al 1996 – table 3.3

The split between part-time and full-time workers is, therefore, one explanation the difference in occupational pension provision between men and women. Differences also exist on at least two other levels. First looking at occupational status, similar percentages of men and women have occupational pensions at the higher and lowest levels, though men do better on the intermediate levels. Second whilst the differences between men and women are repeated in the public and private sectors, both men and women are more likely to have an occupational pension in the former, and the differences between the sexes are markedly less in the public sector.

Gender and hours worked are clearly two important determinants of occupational welfare coverage. Four other important determinants of provision, in addition to gender, can be located. First, is occupational status. Around 1/3 of lower status full-time employees are members of occupational pension schemes, for example, compared with a figure of 80% of higher status employees. Second, industrial sector is important. Whilst 84 percent of those working in the energy and mining industries are covered by occupational pension schemes the equivalent figure for those working in agriculture and related industries is just 16 percent (see Table 25). Third, the size of firm appears to be important. The majority of larger firms (82% of those with more than 1000 employees) offer some form of occupational pension scheme whilst just over half of those firms with less than 1000 employees do so. For very small firms (those with less than 25 employees) the figure is around 35%.

A fourth determinant of occupational pension scheme coverage is time spent with employer. The General Household Survey reveals that only 26 percent of employees of less than 2 years are members of pension schemes, whilst for those with over 5 years employment the equivalent figure is 75% (GHS, 1995: table 5.6). Whether this represents a reluctance on the part of employers to join occupational pension schemes immediately, or minimum qualifying periods for occupational pensions, it does provide an indication of the important role that such schemes can play in fostering employee loyalty. It is important to note, however, that the provision of a pension scheme within a company does not mean that the same scheme is extended to all employees. It is not unusual for a number of different schemes to be in place, some of which will be available only to certain members. According to government figures (Government Actuary, 1994: 33) less than half the firms with schemes in place contribute the same percentage to the pensions of all employees.

Maternity benefits

Estimates of the number of employers who offer extra-statutory maternity benefits vary greatly between the public and private sectors. The PSI completed a study in 1996, which estimated that 30% of public sector employers offered extra statutory maternity leave, and 25% offered extra-statutory maternity pay. This compares with equivalent figures in the private sector of between 3% and 14%. There is also a difference between the sectors. The service and financial sectors are more likely than construction and distribution and hotels to provide extra-statutory maternity provision.

Childcare

For such an important aspect of occupational social policy, figures on the extent of childcare provision in firms is relatively difficult to obtain. Estimates of the number of employers who provide workplace childcare are reproduced in Table 23 and Table 25. These illustrate that present estimates are that around 9% of employers provide some form of childcare provision (though this could include in-work nurseries or subsidised care in other nurseries. Looking just at nursery provision (Table 25) there are again big differences between sectors. According to this estimate (provided by the Policy Studies Institute) 9% of public sector employers provided workplace nurseries compared with just 2% in the private sector. It should be stressed here, though, that charges are usually made for these services, though figures on the extent of these charges are unavailable.

Housing

Gauging the total contribution of employers towards housing provision is extremely difficult. The question is complicated by two factors. First, assistance towards housing costs takes many forms, from direct housing provision to indirect subsidy through reduced rents and mortgages with the rationale for each form of assistance likely to be different. A second complication arises from the data since official statistics combine help towards housing costs with a range of others including health care and medical services, subsidised canteens and company cars. Despite these complications, however, two important indicators of the extent of occupational housing provision exist. The first, available from the Family Resources Survey (reproduced in Table 23), provides an estimate of the number of employees who receive refunds of housing expenditure from employers which, in 1994, was around 2%. This figure does not, of course, give any indication of how permanent such arrangements are, or for which categories of employees they are paid. A second, and more important source, is the

General Household Survey (1992) which provides figures on the number of employees who rent their housing from their employer. Again, crucial information is missing, however, such as whether or not the rent is subsidised, the permanence of the rental, and whether the housing is within the public or private sector. Nevertheless, the figures do clearly point to the continuing decline of the importance of employer housing provision, which at the beginning of the century would have been substantial. The figure in 1992 was around 2%, and this had fallen from around 5% in 1971. By socio-economic grouping, a slightly different trend from that found in relation to other forms of provision is found (Table 24). Job-linked rented housing provision was highest, at 4%, for both the Semi-skilled and professionals.

Health Insurance

Around 5% of employees received PMI from their employers in 1985, increasing to 7% by 1995. Here again there is a significant difference between employees. Seven percent of Professionals and 9% of Managers received PMI in 1995 compared with 3% of semi-skilled workers. PMI provision also favours male above female employees according to figures in the Family Resources Survey: just 1 female to 11 male employees receive free or subsidised medical insurance (Family Resources Survey, 1995: table 7.6).

Training

Training is one of the most important aspects of social policy within the firm, and one that has received a great deal of attention in recent years, from unions, employers organisations and from government. Not surprisingly, then, the proportion of employees receiving job related training has been increasing since the mid 1980s (though this does not say anything about the length and quality of the training received). According to government statistics, 8.5% of employees received training during the four weeks prior to questioning in 1984. The equivalent figure in 1994 was 14.4% (Table 23). A key determinant of training provision was business sector, though here there is also a difference in the type of training provided. Employees within the production, construction and distribution industries receive least training whilst communications, government and office workers received the most. When we distinguish between on the job and off the job training, however, differences also arise. Transport, finance and public sector workers tend to benefit more from off-the-job training, whilst service workers, including distribution and hotel employees, are more likely to receive on the job training were it is provided.

An alternative measure of the extent of training provision are training costs as a percent of total wage costs. These are highest in the construction industry at 2.5% of total costs, but are relatively low in transport and in the financial sector. There is no direct correlation, therefore, between figures on the incidence of training and the costs of training. These figures suggest that the incidence, but not the costs, of training appears to be low in construction but relatively high in finance. The explanation for this is possible that different forms of training are more expensive than others. Whether or not this is the case, the costs of training vary between firms of different sizes. The average training costs per employee for firms employing between 10 and 24 people is around £750 per annum, whilst the equivalent figure for firms employing 500 or more workers is £500 (HMSO, 1996: Table D7).

Not all the costs of this training are met by employers, however. The state and employees make significant contributions to training costs. Figures produced by the Labour Force Survey (reproduced in Table 23) on the costs of off-the-job training indicate that, whilst the share of employers contribution has remained static (at around 64% of total training fees between 1985 and 1996) the state and employees themselves still contribute a significant amount of the costs of training with around 15% coming from the state, and 19% coming from employees, though this does not take account of the wages paid to employees whilst in training[30].

Turning lastly to job status and training, it is again the case that there are differences between lower and upper-ranking employees. Non manual workers receive more training than manual workers, and are more likely to experience formal company training rather than on-the-job training (Table 24).

9.4 CONCLUSION

This chapter has attempted to gauge the extent of occupational social provision. Unlike previous studies, it has attempted to focus only on those areas that are usefully included under the social policy umbrella. It has also attempted to bring together a range of data from different sources in order to paint a more complete picture of provision. Overall the evidence points to a decline in occupational provision since the mid 1980s. Taken as a percentage of wage costs, voluntary social security provision has declined, on average, from almost 8% to around 4.5% of wage costs. The rate of

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30 The DFEE estimate that around 90% of employees receive full wages whilst engaged in off-the-job training.

decline, however, varies from sector to sector, but those with higher costs historically have tended to withdraw benefits fastest. At the same time, those sectors with lowest costs have tended to be more stable. The result of these trends has been a narrowing in the different rates of provision between sectors, especially since the mid 1980s. Costs on redundancy have been sporadic and vary widely over time with the economic trade cycle.

When we try to assess the *overall* costs of voluntary occupational social policies we arrive at a figure of around 6.7% of total wage costs. This is significant, especially when we consider that mandated social welfare costs (which includes employers NI contributions) is only marginally higher at around 7.5%. Costs vary widely between sectors, however, with voluntary welfare costs ranging from 4% to 11% of wage costs. Indeed, in the former utilities the costs of voluntary provision actually exceeds that of mandated provision (due mainly to the transfer of funds from state collected NI contributions to occupational pension schemes).

Moving on to actual entitlement to various forms of provision illustrates again that the number of people in receipt of occupational welfare has decreased in many areas. Whilst some forms of provision, such as occupational pensions, have fallen in importance, however, other forms, such as childcare, have increased in importance. There are again significant differences between the sectors if we look at overall levels of provision. This is clear especially if we compare the financial and hotel and distribution sectors (the ones for which we have the most complete set of data). Employees in the finance sector, for example, are more likely to have an occupational pensions than other sectors, are more likely to have access to child care and are more likely to receive on and off-the-job training. Women working in this sector are also more likely to receive extra-statutory maternity benefits. Overall, whilst the extent of voluntary provision has fallen sharply since the mid 1970s, employees in finance still receive the most generous occupational social policy.

For those working in the hotels and distribution sector, however, the story is quite different. Employees within this sector have the lowest voluntary benefits of all others (though time-series data is unavailable for this sector). They are less likely to receive an occupational pension, though childcare provision is relatively high compared with some other sectors. Whilst the extent of training is relatively high, the costs of this are very low, suggesting that actual training received is minimal. Provision of extra-statutory maternity benefits is also relatively low. The explanation for these figures is possibly the low level of unionisation, the high incidence of part-time workers, and the high turnover of staff. Indeed, the high staff turnover could artificially boost the incidence of training since each new recruit would require some initial induction. The fact that this sector employs a high number of women could be one explanation for the relatively high level of childcare provision. High staff turnover could again be a factor here in explaining this provision alongside low levels of above-statutory maternity benefits. Childcare provision is likely to increase the ease with which members of staff can return to work, whilst maternity benefits may only prolong the absence.

A number of additional factors, alongside sector, also appear to be important determinants of provision. First, whilst only limited evidence could be found on the relationship between provision and firm size, it would appear to be the case that larger firms have more generous benefits than smaller ones. This is probably best explained by greater resources and longer time-frames (smaller firms are more likely to be short-sighted in their outlook). Second, different sectors have different levels of provision. This is more complex and more difficult to explain. Since the construction industry was hit hard by a series of recessions over the 1980s, for example, it would logically follow that non-statutory costs would fall over time. In the event, the opposite actually happened, with non-statutory costs rising marginally. The fact that the construction industry has a high incidence of self-employed construction workers would explain why this sector may not experience increases in non-statutory costs, though still does not account for the marginal increase. A third factor, that could not be investigated here, relates to the general decline of labour power over the 1980s and 1990s, and compounding this, generally low levels of unionisation within certain sectors.

Perhaps the most important implication of the findings here is that, despite an increased emphasis placed on the role of employers in providing welfare by central government during the period, there is no evidence to suggest that employers were keen to take on this role. Employers only increased provision where there was a direct pay-off, for example in the areas of training (which has productivity payoffs) and childcare (which increases the size of the labour pool). Even in these areas, however, it is not clear who has actually picked up the bill for increased provision (whether the employer, employee or consumer). Figures on training would suggest that the employer has ***not*** paid for this increased provision. Overall the signs are that as economic difficulties have hit firms, and as mandated provision has been increased so spending on voluntary provision has actually been cut.

These conclusions fit in with the central themes as follows. Increasing structural power (particularly power over labour) may explain the withdrawal of voluntary provision, though this is an area that clearly needs more research. The structuralist thesis cannot really adequately explain increases in mandated benefits, however. The government desired that employers took on a more active role in the provision of sickness and maternity benefits as previous chapters have made clear. The fact that employers did not have to bear the majority of the costs of these benefits was more to do with agency than structural power.

In relation to agency – the level of involvement employers have in occupational welfare – the role of business in the provision of welfare has increased. Whilst mandated benefits have grown in importance, however, the costs of these have been offset by cuts in voluntary provision. It is worth stressing again that employers showed no signs over the 1980s and 1990s of being prepared to take on the burdens of increasing occupational provision, and where they have been forced to do so have accordingly cut back on other voluntary forms of provision.

10. CONCLUSION

This thesis has examined the relationship between business and welfare policy. The intention was not to offer a definitive measure of the extent of business influence on social policy but to explore mechanisms of business power and influence and business' scope to influence social policy outcomes. The focus is primarily on business inputs into social policy rather than business influence on outcomes.

10.1 CONTEXTUALISING INFLUENCE: BUSINESS POWER AND SOCIAL POLICY SINCE 1979

The starting point of the thesis was that, within capitalist society, business is a relatively privileged interest. This is based primarily on business' ownership and control of capital and the translation of this ownership into both agency and structural power forms. The distinction between agency and structure is important, it was argued, if we are to better understand the influence of business in modern capitalist societies. At its simplest, structural power helps shape the context within which business agents act. It will, accordingly help to determine whether or not they act, and if so, how they act. Both power forms are interrelated, therefore. Both also operate quite independently, however, and both can vary in their relative importance and actual impact on policy outcomes. Five important conclusions that help to contextualise the relationship between business power and social policy are outlined below.

First, from 1979 onwards, attempts have been made to residualise, retrench, restructure, recommodify and decentralise social policy. Some of these changes have a business dimension to them: certain policies have been made in the name of business, some have been pushed for by business, and some have served to increase the opportunities for business to get more closely involved in social policy. Details are outlined below.

Second, structural power has increased. Most importantly, the mobility of business has increased. States have dealt with this in different ways, but liberal states, such as the UK, have attempted to capture free-floating capital by competing on 'lowest common denominator' grounds (cheapest, least regulated labour, lowest rates of corporate tax). The UK has tended to go down this route by choice, though it is also in a particularly vulnerable position due to a number of structural factors (its relatively high dependency on mobile capital, the increased scope for business exit, and the growing share of private investment as a share of total investment). In addition, the relative power of labour has fallen due to tighter regulations, high levels of unemployment and a decline in trade union strength (which, of course, impacts on both structural and agency power).

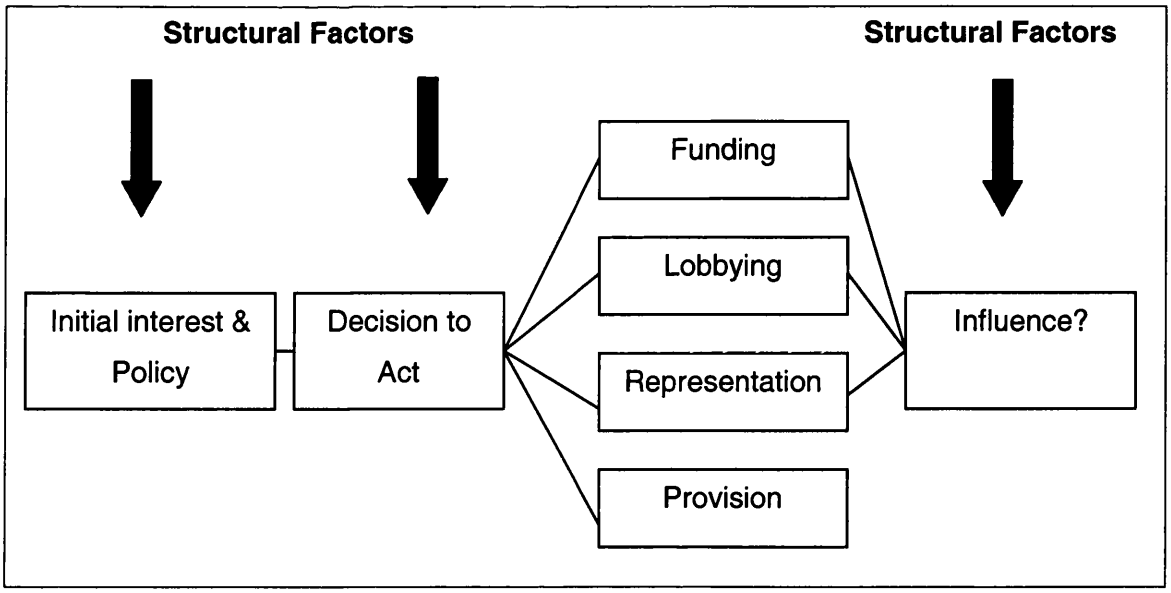
Third, central government has, throughout the 1980s and 1990s, introduced policies with the aim of promoting business interests *as it perceives them*, without business having to rely on agency. This is structural power manifest. Whilst business has not favoured all changes, the general direction of policy making has been favourable to business.

The impact of structural power has been felt more in certain policy areas than others. Changes to education and training policy have been introduced with the aim of more closely meeting the human capital requirements of employers. Changes in social security have similarly been introduced with the aim of increasing employability, reducing labour costs, and increasing employer controls over labour. In these areas government has responded to the perceived *needs* of business – rather than *voice*. It is more difficult to trace structural influences in the areas of health care and social housing. If structural influences have played a part in the shaping of policy in these areas it has been via constraints over general spending. Structural power, it would appear, *is variable not just over time, but also from policy area to policy area.*

This leads us to a consideration of agency. Here it is useful to refer again to the model of influence first outlined in the introduction to the thesis (reproduced in Figure 9). In order to influence through agency business first needs to be sufficiently interested in a given policy area. This interest then has to be translated into a policy and, following this, business needs to act. Structural factors play a key part in this process. To be clear, social policy which impacts positively or negatively on business will activate interest, and may result in a decision to act, though this in turn will depend on the anticipated consequences of acting (the likelihood of success, the relative costs of action, the likely benefits of acting).

Business actions may take a number of forms: 1) participation in state institutions and lobbying; 2) funding; 3) business representation and 4) direct provision. The following passages make reference to these forms of influence.

Figure 9: A simple model of business influence on social policy



Whilst business agency may be important in determining policy outcomes, its scope varies according to the policy level: whether national or local. This is the third conclusion of the thesis. At the national level, certain parts of business experienced initial exclusion from the policy arena in the early 1980s as the government took apart the formal bargaining arrangements left over from the corporatist experiment of the 1960s and 1970s. Unorganised business (individual firms and business people) has gained voice through the expansion of quango bodies, but organised business, in the guise of the CBI, suffered from the breakdown in corporatism (Grant, 1987: 128). Hence, the CBI was consulted less after the election of the Conservative in 1979 than it was under the previous Labour administration. Its initial response to this – to protest loudly and in public about a lack of consultation and the government's seeming neglect of industrial interests – backfired in the face of loyal Conservative support amongst its membership. The CBI was therefore eventually forced to examine other ways in which it might influence policy making.

Fourth, the net effect of the breakdown in former corporatist arrangements was to increase the relative costs to the CBI of exercising its voice at the national level. Even more than before, the CBI needed to examine how it could more effectively concentrate its resources on influencing government – though most areas of social policy remained at the bottom of business priorities. Although the CBI actively campaigned to make changes to social policy in a number of key areas, changes in institutional arrangements encouraged the organisation to look for other ways of utilising its voice. One of its strategies was to place a greater emphasis on mechanisms of business influence that were relatively inexpensive and trouble-free for the organisation: the encouragement of increased business activity on the ground. Emphasis was placed on the role that the regional branches, individual businesses and business people could play in local decision-making and problem solving.

This emphasis on local business activity should also be viewed as a response to the expanded opportunities for business involvement in social policy at the local level. Locally, the relative costs to all forms of business, of exercising voice, decreased. Many welfare services were encouraged or forced to incorporate business perspectives, funding and representation. New opportunities also came through an increased emphasis on collaboration and exchange between businesses and local authorities. This was true especially in areas such as local finance and local regeneration. Central government, whilst controlling business agency on the national level, has increased the number of openings at the local. Business inputs in service provision have been valued more highly than inputs into policy-making. Importantly, business inputs into social provision at the local level have also been considered to be more important than the inputs of locally elected representatives. In short, the voice of business was increased at the local level whilst being initially muffled at the national level.

Part of the explanation for these developments lies in the Government's intention to introduce market values into state services. Business was used not only as a *justification for change* (as already outlined) but also as a *tool for facilitating change*. Business has become particularly important in the assertion of greater control over welfare services from local authorities: being brought in to help inject not only private sector ideas but also, in some cases, private finance into welfare services. Business organisations such as the CBI have not only encouraged the opening up of services, but have encouraged their own members to become more actively involved in local social policy. Despite these opportunities, however, the signs are that business people have often been reluctant to get involved.

The fifth important conclusion relates to occupational welfare. The picture here is again mixed. On the one hand, just as in other areas, firms have been assuming greater control and responsibility for previously state administered and provided benefits. Key examples here are maternity and statutory sick pay. The Labour Government is about to add Family Income Tax Credits and pensions provision to this list. As part of its general privatisation policies, the Government has attempted to place greater emphasis on business as a provider and/or administrator of certain welfare services. Business itself has not demonstrated a willingness or capacity to take on these greater responsibilities, however. Whilst mandated provision has increased over the 1980s, voluntary provision has tended to fall. Moreover, as others have commented before, voluntary provision is not made according to need or equity criteria, but a range of other factors: firm size, sector, gender, and employment status. The reasons for declining voluntary provision may be to do with the increased relative power of business (increased structural power, the diminished power of labour) or other factors (declining traditional industries, increased mandated provision and the need to off-set these additional costs) but are complex and require more investigation than has been possible here.

To be clear, the scope for business influence over all forms of provision has increased. Funding and control mechanisms over state provision have increased at the local level. Voluntary occupational provision has been falling, though as already mentioned, business' control over some forms of occupational welfare provision has increased. The Bristol study also suggested that business funding and control over voluntaristic welfare services has increased in recent years, as part of the general shift towards partnership and business solutions to social problems. Business representation within state services has increased significantly.

What all this clearly demonstrates is that state institutions matter a great deal in determining the scope for business influence on social policy. By implementing the policies it did, the government in many ways increased the significance of agency and structure, though the impact of the structural signal appears to have varied according to the policy area. The government has largely determined the openings for business influence over the past 20 years or so. Pierson (1995) argued, in relation to US policy making, that business will take the most open route to influence social policy, and that the openness of the policy arena will reflect the state's assessment of the importance of business input. The above conclusions suggest that this has been the case in the UK.

10.2 BUSINESS PERSPECTIVES ON, AND INVOLVEMENT IN, SOCIAL POLICY

This study has not been able to consider in any detail how far this scope for influence has been translated into actual influence. It has considered business responses to this new social policy environment and has commented on factors that impact on the influence of business. So far in this conclusion I have addressed factors relating primarily to the state (in particular, the opportunities for access provided by the state). I turn now to consider the position of business itself by focusing on business perspectives and involvement in social policy.

The best description of the interest and approach of business towards social policy is ambivalence. This is the case whether we focus on the national or local level. On the national level the CBI has not demonstrated an eagerness to want to shape social policy, and neither has it demonstrated, in many instances, an entirely unified or coherent approach to it. Indeed, in most areas of social policy it has very little interest - the key exception being education and training. An important determinant of both the interest and subsequent response of the CBI to social policy is its potential impact on labour markets, profits and competitiveness. The CBI has attempted to defend businesses against increased costs from changes in social policy. The CBI's opposition to the scrapping of SERPS and the introduction of Statutory Sick Pay in the early 1980s can both be viewed in this way. In education and training too, which impact more heavily on business, the CBI has a much stronger interest. Hence the CBI's emphasis on vocational skills, a more business-centred education and training system and an expansion in post-16 education and training. Concerns over labour market and competitiveness issues have also steered CBI responses in other social policy areas. This explains the CBI's support of a flexible retirement age and the preservation of benefits during industrial restructuring. At the same time the CBI has placed increasing emphasis on the capacity of companies to implement changes in their own occupational provision as a way of improving their own competitiveness. Firms could introduce a range of measures from health screening to housing provision in order to increase productivity and solve recruitment problems. Individual business people and local BIAs have also been encouraged to get more heavily involved in localised lobbying, and in initiatives to present business solutions to social problems. There has been an increasing emphasis on business as local citizen, and business as a valuable, even essential, partner along with other public and voluntary sector initiatives.

Since most social policy was already progressing in a direction favoured by the CBI it was not necessary for it to get involved in many areas of welfare. It was enough for the CBI simply to campaign for general cuts in taxation (especially business taxes and taxes on higher earners) and/or spending since this was a more important issue to business and one which would impact on social provision indirectly. This approach would also limit any opposition from labour that may have resulted from moves by business to remove popular social policies.

Aside from these few instances, the CBI's views towards social policy have been relatively *incoherent, responsive, expedient and short-termist.* Whilst it has put forward some business solutions to social policy problems, more generally it has tended either to point to problems whilst leaving solutions to government, or has shown little interest in social policy until government has decided to reform provision in some way. The organisation has also defended spending in a range of areas, and even called for increases, whilst simultaneously calling for overall spending and taxation cuts. Attacks were particularly fierce at the local level. Of course, there were reasons for this lack of coherence. The organisation, and key parts of the organisation, has wanted to cut or increase spending at different times, within different areas, and in response to different pressures. In general, the CBI has tended to condemn spending which is paid for predominantly by business, and which has very few benefits for business. Conversely, public spending which is used for private sector purchases (especially capital expenditure) and spending which has the overall effect of reducing labour costs (impacting on wage costs or increasing productivity) has been actively supported.

Moving now to the Bristol study, the operation of labour markets, business competitiveness and profitability also explain, to some extent, the interests and activities of business. The involvement of the Chambers in social policy, for example, was determined largely by the impact of social problems on local trade and tourism. The outcome was the development of initiatives designed to solve homelessness and unemployment. The approach of the Chambers was different to the CBI. The Chambers had a much tighter local focus, and adopted a more pro-active approach to improving business and social conditions in the city. As an organisation it also genuinely felt that business people were able to solve social problems where the public sector failed. Paradoxically, the Chambers appears to have been more influenced by the national CBI's emphasis on local business citizenship and partnership involvement than the regional CBI.

Important in the establishment of the Chambers' initiatives was the impact that social problems were having on local businesses. Homelessness and drug abuse in particular were beginning to impact negatively on tourism and trade. The response of the Chambers was to get business people involved in moves to establish solutions to the problems of homelessness and unemployment, in partnership with others from the public and voluntary sectors. The initiatives themselves have not resulted in any significant proposals or solutions, however, and have developed merely into talking shops. Their biggest contribution has been the opportunities they have provided for networking and partnership development.

Obtaining information on business funding was difficult, but the size of business donations to services clearly varies according to service area and service type. Funding is most important in education and training services, but even here it is only significant in CTCs where business sponsorship is formalised. Other forms of involvement, such as placement provision, apply only to schooling.

The most important form of business involvement is direct business representation on social service boards. This provides an important route through which business may influence the delivery of services. The Bristol study revealed that business representation on service boards is relatively high in many services. There were high levels of business interest and representation in FE colleges, both the universities and the TECs. This is particularly the case where senior business people are concerned. Despite the important role they play in preparing future generations of workers, however, there appears to be less business interest in school governance, especially for senior business people.

Applying social network analysis techniques revealed that certain business people and institutions were especially well connected and very prominent in the social policy network in Bristol. Despite the reluctance of some business people to become involved in social policy, a handful of actors were represented on a number of service boards. The Conservative Government's insistence on business involvement in welfare services is creating a great deal of cross-membership, not just in state services but in private sector initiatives. The result of the push for greater involvement in services by government and business associations appears to be fostering the development of active elites as Garrett (1993) concludes in his study of Bristol and Peck (1995) found in Manchester (both discussed in Chapter 5). Although not all of the most active were business people, almost all had links to a business organisation (initiative or BIA) and the majority were senior business people. Social network analysis also revealed that certain organisations are clearly more important than others. The most important have a high 'presence' on the network – they provide meeting places for the most active individuals within the network and have a number of connections to the social services in the network. Private companies could not be described in these terms but other business institutions could, in particular the Chambers of Commerce and other elite clubs.

The increased profile of these business actors and organisations has clearly been aided by the expansion of the available openings provided by the state, but business has also played a part here. The Chambers, for example, established its own elite grouping by assembling key representatives of local business, family, public sector and other interests. Such developments increase the informal exchange between the public and private sectors, and facilitate the recruitment of senior business people to positions of power and responsibility. They also increase the scope for influence of elite business people as it becomes increasingly common for them to be involved in several boards, and as they increasingly share membership of these boards with other elite interests. In such circumstances, the opportunities for the development of closer cooperation, friendship and of particular business perspectives (whether they be pro or anti welfare provision) increases.

Given the above conclusions, then, we would expect that both structural and agency influence are stronger in some areas of social policy than others. Both are variable over time, between jurisdictions, and between policy areas.

10.3 UNDERSTANDING BUSINESS APPROACHES TO SOCIAL POLICY

The explanations for business interest and involvement in social policy have thus far centred on issues relating to the concerns of businesses (competitiveness, profitability, productivity, profits etc.). Here it is useful to attempt to provide other explanations of business approaches towards social policy. The most useful explanation would take into account what appears to be two of the most important determinants: business time-frames and cost-benefit trade-offs. Business organisations such as the CBI and the Chambers are likely to have longer time-frames than individual firms, and larger firms undoubtedly have longer time-frames than smaller firms. The length of the time frame will determine, to a large extent, business interest and involvement in social policy. A small company whose future is unstable will be unlikely to be interested in social policies - especially those that will impact on business several years into the future (such as education). Such companies will be interested more in policies that have immediate impact such as taxation and labour costs.

The length of time-frame of a company or organisation also impacts on the expected benefits that stem from attempts to influence social policy making or social provision. Businesses and business organisations will be more likely to act to influence the shape of social policy, for example, where they feel that their interests are sufficiently threatened. The balance between the costs and benefits of such action will be important here, with high costs making the action of firms less likely in particular. Direct involvement through board membership comes at a relatively low cost to the firm or Association – though may come at a high cost to the individual depending on the level of financial or time-based support that stems from the firm. Though the costs to the firm may be small they are likely to be higher for smaller than larger firms. To complicate matters further, the benefits from firm involvement in social policy go beyond issues relating to human capital. Positive externalities (in the form of soft-marketing opportunities) may flow from business involvement in welfare services, for example.

This provides a reasonably convincing account of CBI interest and views towards social policy at the national level, though is less convincing as an explanation of local activity (though the lack of resources of the CBI at the local level clearly increases the relative costs of involvement). It also goes some way to explaining greater interest and involvement in social provision by the Chambers and larger firms, and of the general bias towards education and training services. It does not adequately explain the tendency for senior business people to favour involvement in policy areas such as health care, which are likely to have less impact on business than local schools. Shifting the focus to the individual actors does begin to explain this. Individual business people have their own motivations for getting involved in local services, and here, it would appear, a strong motivation for involvement is the status and prestige of the service in question. Added to this is the fact that certain services contain several members who share board membership in a range of services. The benefits that flow from membership of services for these members, therefore, are more likely to centre on individual interests rather than business interests.

10.4 THE IMPLICATIONS FOR FUTURE SOCIAL POLICY

So what does all this mean for the future of social policy? Business' influence in the future, as in the past, will depend on structural and agency power, and the reactions and policies of the state. An important question flows from this: to what extent will the state in future be able to resist business power? Challenging business power, especially structural power, is much more difficult for governments than giving in to it. Divisions within business do provide opportunities for movement, however. On points that tend to unite business, such as corporate taxation or labour market regulations, the government will find it difficult to increase provision. In areas that benefit certain sections of business, such as educational participation and training, the government is more likely to be able to increase provision, though here splits between more powerful mobile capital and less powerful immobile capital may prove decisive. Essentially, though, the determining factor behind policy change will probably not be decided on a policy-by-policy basis. Business influence is likely to continue to be more of a factor in bigger questions relating to issues such as levels of government spending, costs on business, labour productivity, and levels of taxation. It is in these areas that structural power will impact more heavily.

But the structural signal will have to be interpreted, and it could be interpreted in different ways. Even if we consider the most structurally determinist outcome – that the government will act in the interests of capital – the interests of capital can be interpreted in different ways. A problem for the Left will be challenging the perception amongst certain parts of business and the wider population, that more welfare retrenchment would be in the best interests of business. This may not be so difficult in the case of the CBI, but will prove more difficult with other associations (such as the Institute of Directors) and with those firms which have invested in the UK because of its labour market, or social, policies. Before any change can be implemented, of course, it will be necessary to convince the Labour leadership of this point.

Regarding agency, this thesis has outlined how under the Conservatives the voice of business increased at the local level, but was muffled at the national level. Under the Labour Government, it seems, the voice of business at the national level is gaining renewed strength. The CBI has been re-integrated in the policy process as a key representative of business, so facilitating greater influence at the national level. On the local level, meanwhile, business has been given still greater capacity to influence local social provision. Labour continues to press for even greater business involvement in tackling poverty and social exclusion and problems relating to education (requiring business participation in Education Action Zones and allowing the private sector to take over failing schools) whilst there is little evidence of a willingness or even competence for business to take on these ever increasing responsibilities. In the area of social security, Labour is also looking to employers to take more of an active role, administering tax credits, and taking more responsibility for retirement provision through occupational or stakeholder pensions.

The real impact of business on social policy, of course, will depend on its ability and willingness to exercise its voice. There is a risk in this strategy. To begin with, those parts of business that tend to become active in state services (larger businesses, BIAs) may push for certain welfare solutions that benefit only certain forms or sectors of business. It is also possible that any future legislation may be tainted by a business slant as it is implemented by business-dominated providers. One last point is that we need to question the wisdom of creating ever closer connections between business needs and service provision. The logic of taking decisions in the name of business is problematic if for no other reason that business itself seems unsure as to what its needs are. The needs of business change by firm and by sector. On this basis it is only helpful to take longer term considered strategies that are based on the needs of both labour and business, and only the state is in a position to do this.

Given all these factors, it is mistake for government to continue to look to business either for voluntary management inputs, or for social policy design. But if business is to be integrated into social policy decision-making processes in future and if business is to be given more responsibility for the management of social provision, it would make sense on equity and democratic grounds to more formally move towards tripartite corporatist negotiations along the lines of the continental European model. Under these arrangements both business and labour representatives could be integrated in social policy decisions rather than the situation at present which increasingly favours unrepresentative, and often reluctant, business people. There should be some counter to the dominant power of business. The key is to provide the main social partners with a stake in future social policy.

10.5 A NOTE ON FUTURE RESEARCH

The opening paragraph to this thesis highlighted the lack of previous work on the question of business influence on social policy. This thesis has attempted to make up some ground, but has inevitably failed to address many crucial questions. Indeed, as expected, it has raised more questions than it has been able to address. Several areas will therefore require detailed research in the near future. It will be possible, at least, to draw on the key findings and contributions made by this thesis.

First, those questions raised about the power and influence of business need situating in a wider comparative context and the globalisation debate. The debate within social policy needs to assess the impact of globalisation on business structural and agency power. Of particular importance here is a greater focus on the level of the European Union.

Second, more detailed work is required on the various perspectives of different parts of business on social policy. Research could focus on other business associations (the Engineering Employers Federation, British Bankers Federation, Federation of Small Businesses) as well as individual firms within different sectors and of different sizes.

Third, a more comprehensive study of occupational provision is needed. Particularly useful would be assessments of changing costs over time, and measurements of the size of occupational social policy compared with state provision.

On the level of local services there is a need to focus in more detail on the developing public-private initiatives and reasons for business involvement in these. In particular, it is important to ascertain not only what business derives from involvement, but also what the services themselves derive from business inputs. Answers to these questions are urgently required as greater emphasis is placed on the role of business as an active partner in social provision.

Last, a more detailed and comprehensive analysis of the influence of business in social policy is required. Only a large interview sample made up of senior policy makers and key business people would help here.

APPENDIX 1: INSTITUTIONS INCLUDED IN STUDY

Schools:
Henbury School
Ashton Park School
Pen Park School
Hartcliffe School
Churchill School
Gordano School
Frenchay School
Whitefields Fishponds School
St. Bernadette Roman Catholic School
Florence Brown School
Colston School
Hengrove School
John Cabot City Technology College.
Clifton College (Public School)

Colleges
Filton College
South Bristol College
Soundwell College

Universities
University of Western England
Bristol University

TECS
Western Training and Enterprise Council

Housing Associations
Weston Challenge
Second Step
Guinness Trust
Solon
United Housing
Knightstone
Priority Youth Housing
Bristol Churches
North British

Health Trusts
Avon Health Authority
United Bristol Health Trust
Phoenix NHS Trust
Frenchay Healthcare NHS Trust
Weston Area Health Authority

Other organisations from whom sources were obtained
Avon County Council
Bristol City Council
Bristol Common Purpose
Business in the Community (BITC)
Industry in Education (IiE)
The Bristol Chambers of Commerce and Initiative (BCCI)
The Confederation of British Industry: South Western Region
The Education Business Partnership (EBP)
The Greater Bristol Foundation
The Housing Corporation

APPENDIX 2: MEMBERSHIP OF BOARDS

Section 1: Social Service Boards

Table 26: Governing body of Ashton Park School

Identifier	Appointed by:	Background
M.	Co-opted Governor	Employee of Bristol and West Building Society.
BBBB.	Co-opted Governor	Manager of HMSO.
CCCCCC.	Co-opted Governor	Marketing manager for an animal feed company.
OOOOOO O.	Co-opted Governor	Company Director of 'Alarm Safe'.

Table 27: Selected Governors of Clifton College

21.	Chair: HTV Group	Member:United Bristol Health Trust	Member: BCCI Presidents Group.	
14.	Dir.: Copperfields	Trustee: Greater Bristol Foundation	Member: BCCI Presidents Group.	Former member - Bristol Univ. Council

Table 28: Governors, South Bristol College

Q.	Senior Partner, Small firm of Solicitors			
UU.	Senior Trainer - Earnst and Young			
YY.	Dep. Chief Exec - HTV			
CCC.	Dir.; Peaches Golding Marketing	Member; Westec board	Governor; University of Western England	Member; Bristol District Health Authority board
WWWWWW W	Manager – Sun Alliance			
LLLLLL.	Manager of Coloroll			
YYYY.	Senior Manager - Railtrack			
	Student			
	Chair / Principal			
	Staff member			
	Staff member			

Table 29: Selected Members of The Council of the University of Bristol

A. (Cllr)	Bristol City Council						
B..	Bursar - Univ. Of Bristol	Member BCCI Presidents Group.					
3.	Trustee- Greater Bristol Foundation.	Member - Bristol Common Purpose	Member Bristol. Developme nt Corp.	Member Bristol. Bench	Member Knightstone Housing Association.	Member - Housing Corp.	
LL. (Cllr)	Bristol City Council						
NN.	Member United Bristol Health Trust						
PP..	Member - Avon Ed. Comm.						
QQ.	Trustee - Greater Bristol. Found.	Member United Bristol Health Trust	Past Master; Society of Merchant Venturers	Former President; Dolphin. Society	Former MD of Courage brewery		
BBB..		Member - Avon Ed. Comm.					
12.	Dir. Beecham Group	Dir. IBM	Board member - Bristol Evening Post	Member BCCI Presidents Group.	Member Avon Health Authority.		
HHH.	Member - board of United Bristol Health Trust	Member Weston Area Health Trust					
JJJJ..	Lalonde Charitable Trust		Member Bristol. Bench				
QQQQ. (Cllr).	Member - Avon Ed. Comm.						
ZZZZ.. (Cllr)	Member - Avon Ed. Comm.	Partner - Saltford. Builders					

16.	Chair - JT. Group LTD and JT Group Subsidiaries	Chair - Pontin Charity Trust	Member BCCI Presidents Group.	Trustee - Greater Bristol. Foundation	Member - Society of Merchant Venturers	Board member - GWR. Radio	
DDDD DD.	Dir. Ann. Reid. Associates	Member BCCI's Education; Employmen t and Training Init.					
18.	Member BCCI Presidents Group.	Trustee - Greater Bristol. Foundation	Member - Bristol Common Purpose				
XXXX XX.	Bristol City Council						
24.	Dep. Chair Wessex Water	Dir. Bristol & West Building Society	Member BCCI Presidents Group.	Member - Society Merchant Venturers	Trustee - Greater Bristol Foundation	Member Colston Soc.	Board - Clifton College
25.	MD – Dycem	Member - BCCI's Housing the Homeless Initiative	Member BCCI's Education; Employmen t and Training Init.	Trustee - Greater Bristol. Foundation	Member BCCI Presidents Group.	Member - Society Merchant Venturers	
26.	Chairman - Transport. Users. Consultative	Member BCCI Presidents Group.	Trustee - Greater Bristol Foundation	Member - Society Merchant Venturers	Member - Bristol Developme nt Corp.	Member - Bristol Common Purpose	Member - Dolphin. Soc.
27.	Dep. Chair - Bristol Evening Post	Ex Chair - Wessex Water	President - Bristol & West. Building Society	Dir. Bath Spa Treatment Centre	Pro-Chancellor - Bath Univ.	Trustee - Greater Bristol Foundation	Member - Society Merchant Venturers

Table 30: UWE's Board of Governors

	Chief Exec. Of an advertising and marketing firm					
P.	Regional Director of the CBI					
Y.	Member of Avon Health Authority Board					
NN.	Member United Bristol Healthcare Trust board					
5..	MD Ferguson Mann Architects	Member - BCCI Pres. Group	Trustee Gr. Bristol Found.			
6.	Dir. Peaches Golding Marketing	South Bristol College Board	Member Westec Board	Member Bristol District Health Authority. Board		
	Partner of Chartered Accountants Firm					
III.	MD Embisco	Reg. Dir. Walls Ice Cream and Birds Eye Foods	Member Gloucs TEC Board			
8.	Regional Chair. British Gas SW	Member BCCI Pres. Group.	Regional Chair. British Gas SW	Member Western Developme nt Partnership Board		
11.	Dir. Engineering Employers Western Association	Member BCCI Pres. Group	Member CBI Regional Council			
GGG G.	'Agent' The Bank of England	Member Bristol Bench				
15..	Chair McArthur Group	BCCI Luncheon Voucher Scheme	Trustee Gr. Bristol Foundation	Member BCCI Pres. Group.	Member Soc. Merchant Venturers	Member St Stephens Ringers Group
DDD DD.	Member Nat. Rivers Authority	Dir. Gimlet Bus Finance				
EEE EE.	Vice Chancellor; UWE.	Member Westec Board	Member BCCI Presidents			

			Grp.			
AAA AAA.	BBC	MD WestCountry Television				
TTTT TT..	Veale Wasbrough	Member BCCI Pres. Group.				
23..	Principal Brunel Coll. of Art & Tech	Member BCCI Pres. Group.	Member BCCI Education; Employmen t and Training Comm.ittee			
IIIIII.	Proprietor Hummingbird Books					

Table 31: Westec Board

2.	Director of Ed - Avon CC	BCCI PRESIDENTS GROUP.	Bristol Common Purpose
33.	Chair - Veale Wasbrough	BCCI PRESIDENTS GROUP.	
32..	Chief Exec WESTEC	BCCI PRESIDENTS GROUP.	
T.	Partner – Coopers & Lybrand		
FF..	Chief Exec Bristol Development Corp.		
IIIII.	Dir. - UK Corrugated Fibreboard and Fittings	Non-Exec. Dir. Weston Health Trust	
VV..	MD - Fairey Hydraulics		
6.	Dir.; Peaches Golding Marketing	Member - Gov. body of UWE	South Bristol College Governor
DDD.. (Chair)	MD - Rolls Royce		
GGG.. (Dep. Chair)	Dir.; AHA Construction		
31.	General Manager - Sun Life Assurance	BCCI PRESIDENTS GROUP.	
	Regional Officer – MSF Union		
XXXXX..	Chair - Endeavour International		
20.	Chief Exec Alderley Holdings Int.	BCCI PRESIDENTS GROUP.	Member - CBI National Council

RRRRRR..	Chief Exec - Bowater Healthcare Packaging		
EEEEE.	Vice Chancellor – UWE	BCCI PRESIDENTS GROUP.	
QQQQQQQ.	Dir.; Progress for Voluntary Sector		

Table 32: Non-Executive Members of UBHT

NN.	Member Bristol University's Council			
WWW W.	President of BCCI.	Member BCCI President's Group.		
	Chair UBHT Commercial Services			
	Chair UBHT Personnel Committee			
HHH.	Chair of Special Trustees of UBHT	Member Weston Area Health Trust	Member Bristol University's Council	
VVVVV .	Vice Chancellor Univ. of Bristol.			
4.	Vice Chair - Univ. of Bristol Council	Trustee Gr. Bristol Foundation	Member Soc. of Merchant Venturers	Member of Dolphin Society
21.	Chair HTV Group	Member BCCI Presidents Group.	Clifton College	

Table 33: Board Members of Avon Health Authority

	Head of Management; Univ. of Bath				
Y.	Member Governing body of UWE				
KK.	Member Avon Education Comm.	Labour Party Councillor			
	Retired Orthodontist				
6.	Dir. Peaches Golding Marketing	Member Westec Board	Member Governing body of UWE	South Bristol College Governor	
AAA A..	Chartered Accountant	Chair; Pontin Charity Trust			

	Retired GP				
12.	Dir. Beecham Group	Dir. IBM	Board member - Bristol Evening Post	Member BCCI Presidents Group.	Member Univ. of Bristol Council

Table 34: membership of housing associations

Priority Housing Association (total board membership = 10)
Assistant Personnel Manager at Unilever
Bristol Churches Housing Association (BCHA) (total board membership = 9)
University lecturer (also a member of Frenchay Healthcare Trust and the University of Bristol Council)
Retired company director
Retired bank manager.
Knightstone Housing Association (total board membership = 12)
Member of the Housing Corporation and Bristol University Council
Senior business person, Bristol and West Building Society and member of Bath City Council
Guinness Housing Association (total board membership = 8)
Chair of Stonham Housing Association.
Retired Director of Leopold Joseph and Sons, Merchant Bankers
Conservative MP and former Minister for Housing and Construction
Director of a small company.
Director of Responsible Recycling PLC
Ex Partner of Coopers and Lybrand.
Chair of Kennet Housing Association, and a Magistrate.

Section 2: Social network analysis.

Creating the database

Before the information could be analysed, a database had to be created. The database was created as follows:

Each of the names of the actors connected with a social service were placed in a spreadsheet package, alongside their connections with particular organisations.

As more information was obtained from different sources, the number o linkages one individual had grew. This was only possible where sufficient information was included which could establish, beyond doubt, the authenticity of the linkages (and not just that individuals shared a name.

Once all the information was collected from the various organisations, the database was trimmed according to the following criteria: that the individual within the organisation should be connected to at least two or more organisations, and that at least one of these organisations should be a social service. This left a total of 167 actors connected to a total of 167 organisations. Originally the respective figures were around 350 to 600.

The names of all the individuals included in the database have been replaced by figures to guard their identity. To assist cross-referencing, however, those individuals who were found to be part of the final 'most active' or 'elite' list were assigned numerical figures, from [1] to [34], whilst each of the other actors were assigned an alphabetical figure from [A] to [VVVVVVV].

Centrality

This following presents centrality scores for organisations and actors within the network. The actors have been codified to protect their identities. Those actors and organisations at the top of the tables are more central within the network, whilst those at the foot of the table are peripheral actors and organisations. The bare scores are not particularly useful in making comparisons between actors and organisations, however. The main reason for this is the fact that many organisations within the network will score higher in terms of centrality measures (particularly those social policy organisations which form the main part of the study having an in-built centrality-bias in the scoring) since they inevitably contain a higher number of members than, say, business organisations of which an actor may be a member. It is interesting to note, however, that it is necessary only to go down as far as the tenth organisation to find a more central *actor* than organisation within the network. At the most peripheral, the individual actors score generally higher than the most peripheral organisations, which again is not particularly surprising given that the actors within the network are all linked to at least two organisations, whereas it is possible for an organisation to be linked to only one actor. What is also interesting is the fact that firms and business linked organisations score as highly as many of the social services which were the main focus of this study. For non social policy organisations to score relatively highly on this measure indicates, not only that the board members of the services are linked to other organisations, but that they share many of these linkages with other members of the network (though how close these actors are to each other in the network has yet to be determined).

Table 35: List of organisations in order of centrality (complete matrix)

Central

Score	Organisation
38	BCCI.PG
35	BCCI.EETC
24	WESTEC
23	UNIV.BRSTL.C.
14	AVON.ED.C
16	UWE.C.
14	GR.BRSTL.FOUND.
13	BCCI.HHG
12	BCC
12	FILTON.COLL.
10	BRSTL.COMM.PURP
9	GORDANO.SCH.
10	BRSTL.CHURCHES.
8	SOC.MERCHANT.VE
7	ASHTON.PARK.SCH
7	STH.BRSTL.COLLE
7	GUINESS.TRUST.
7	UBHT
6	FRENCHAY.HEALTH
5	LP
5	BDHA
5	WESSEX.WATER
5	PRIORITY.YOUTH.H
4	BRSTL.DEV.CORP.
4	CLIFTON.COLL.
4	WESTON.AHT
4	UWE
4	UNIV.BRSTL.
3	AVON.CC
3	BRSTL.BENCH
3	VEALE.WASBROUG
3	GOSW
3	KNIGHTSTONE.HA
3	CP
3	BRSTL.INITIATIVE
3	BRSTL.CYRENIANS.
2	ROLLS.ROYCE
2	CBI.R.COUN.
2	WEATP
2	BRSTL.EXPLORATO
2	SUN.LIFE.ASSURAN
2	NORTHAVON.CHAM
2	DOLPHIN.SOC.
2	BRITISH.AEROSPAC
2	HTV.GROUP
2	CBI
2	UNILEVER.INT.
2	BRITISH.GAS
2	BURGES.SALMON
2	PONTIN.CHARITY.T
2	EBP
2	BRSTL.EV.POST
2	PHOENIX.NHS.T.
2	SWEB
2	BRSTL&WEST.B.S.B
2	TVEI
1	WHITEFIELDS.SCH.
1	RENECROSS.LTD
1	PORTWAY.SCH.
1	INLAND.REV
1	BRSTL&WEST.B.S.
1	BASTERFIELD.TRAI
1	TOM.BRAY.SOLICIT
1	COOPERS&LYBRAN
1	KINGSWESTON.SC
1	HOUSING.CORP.
1	OPEN.UNIVERSITY
1	WANSBROUGHS.WI
1	RESPONSIBLE.REC
1	LD
1	FERGUSON.MANN.
1	FRANCIS.ASSOCIAT
1	ERNST&YOUNG
1	FAIREY.HYDRAULIC
1	PEACHES.GOLDING
1	BDC
1	AHA.CONSTRUCTIO
1	GLOUCS.TEC
1	WESTERN.DEV.PAR
1	BUSH.EMPLOYMEN
1	BUS.IN.THE.COMMU
1	PORTISHEAD.CHAM
1	SUN.ALLIANCE
1	RILEY.ADVERTISIN
1	NEW.WORK.TRUST.
1	MCCANN.ERICKSO
1	HMSO
1	BRSTL.UNITED.PRE
1	ENG.EMPLOYERS.
1	IBM
1	BEECHAM.GROUP
1	BANK.OF.ENGLAND
1	PROCESSES
1	LALONDE.CHARITA
1	LLEWELLINS.MACHI
1	RETIRED&SENIOR.
1	GEORGE.MULLER.F
1	COPPERFIELDS
1	BCCI.LUNCHEON.V
1	MCARTHUR.GRP.
1	ST.STEPHENS.RING
1	CITY.TECH.COLL.
1	NUCLEAR.ELECTRI
1	SALTFORD.BUILDE
1	UNIPART
1	HUMBERTS.CHART.
1	NRA
1	GIMLET.BUS.FINAN
1	UK.CORRUGATED
1	AAT
1	OLIFF.ASSOCIATES
1	BEM
1	UNITED.HA
1	SOLON.HA
1	BRSTL.CENTRAL.JO
1	DEPT.OF.EMP
1	BIM
1	MONKS.PARK.SCH.
1	SECOND.STEP.HA
1	ENDEAVOUR.INTER
1	JT.GROUP.LTD
1	GWR.RADIO
1	BBC
1	WESTCOUNTRY.TE
1	MARKS&SPENCER
1	ANIMAL.FEED.COM
1	ANN.REID.ASSOCIA
1	MARKETING.COMM
1	UBI
1	TRIODOS.BANK.
1	COLOROLL
1	SHAW.PERSONNEL.
1	DEPT.TRADE&INUS
1	ALDERLEY.HOLDIN
1	CBI.N.COUN.
1	ALSTERS.SOLICITO
1	BOWATER.HEALTH
1	KENNET.HA
1	BRUNEL.COLL.OF.A
1	WOODSPRING.COU
1	GRATEFUL.SOC

1	COLSTON.SOC.
1	DYCEM
1	WESTON.COLLEGE
1	HUMMINGBIRD.BOO
1	TRANSPORT.USER
1	BRSTL.CYRENIANS
1	ALARM.SAFE
1	ENGLISH.CHURCHE
1	PROGRESS

Table 36: Actors listed by centrality scores (calculated from complete matrix)

Central

Centrality	Actors
11	24.
8	3.
8	16.
8	26.
7	7.
7	12.
7	15.
7	25.
6	AAA.
5	4.
5	6.
5	17.
5	27.
4	E.
4	2.
4	5.
4	8.
4	9.
4	10.
4	11.
4	JJJJ..
4	13.
4	14.
4	ZZZZ..
4	18.
4	19.
4	20.
4	21.
4	22.
4	23.
4	28.
3	33.
3	GG.
3	JJ.
3	KK.
3	PP.
3	29..
3	BBB.
3	HHH..
3	III.
3	UUU.
3	WWW.
3	YYY.
3	GGGG.
3	QQQQ..
3	DDDDD.
3	EEEEE.
3	IIIII..
3	LLLLL.
3	31.
3	PPPPP.
3	WWWWW.
3	AAAAAA.
3	DDDDDD.
3	TTTTTT.
2	A.
2	B.
2	C.
2	D.
2	F.
2	I.
2	J.
2	32.
2	L.
2	M.
2	N.
2	O.
2	P.
2	Q.
2	R.
2	S.
2	T.
2	U.
2	V.
2	W.
2	Y.
2	Z.
2	BB.
2	CC.
2	DD.
2	EE.
2	FF..
2	HH.
2	II.
2	LL.
2	MM.
2	NN.
2	OO.
2	SS.
2	TT.
2	UU.
2	VV..
2	WW.
2	YY.
2	ZZ.
2	DDD..
2	EEE.
2	GGG..
2	KKK.
2	LLL.
2	MMM.
2	NNN.
2	PPP.
2	QQQ.
2	RRR.
2	SSS.
2	TTT.
2	VVV.
2	XXX.
2	ZZZ.
2	AAAA.
2	BBBB.
2	EEEE.
2	HHHH.
2	KKKK.
2	LLLL.
2	OOOO.
2	PPPP.
2	SSSS.
2	UUUU.
2	VVVV.
2	WWWW.
2	XXXX.
2	YYYY.
2	AAAAA.
2	BBBBB.
2	CCCCC.
2	30.
2	GGGGG.
2	HHHHH.
2	JJJJJ.
2	KKKKK.
2	NNNNN.
2	OOOOO.
2	QQQQQ.
2	RRRRR.
2	SSSSS.
2	TTTTT.
2	UUUUU.
2	VVVVV.
2	XXXXX..
2	ZZZZZ.
2	BBBBBB.

2	CCCCCC.
2	EEEEEE.
2	GGGGGG.
2	IIIIII.
2	JJJJJJ.
2	LLLLLL.
2	MMMMMM
2	NNNNNN.
2	QQQQQQ.
2	RRRRRR..
2	SSSSSS.
2	UUUUUU.
2	VVVVVV..
2	XXXXXX.
2	ZZZZZZ.
2	DDDDDDD
2	FFFFFFF.
2	GGGGGG
2	HHHHHHH
2	IIIIIII.
2	JJJJJJ.
2	LLLLLLL.
2	MMMMMM
2	NNNNNNN
2	OOOOOO
2	PPPPPPP.
2	QQQQQQ
2	RRRRRRR
2	SSSSSSS.
2	UUUUUUU
1	X.
1	IIII.
1	NNNN.
1	AAAAAAA.
1	BBBBBBB.

Peripheral

Table 37: Centrality scores for actors (from actor-actor submatrix)

Centrality	Actor
125	25
100	7
94	24
92	16
89	26
86	23
81	18
75	FFFFF
72	15
71	2
71	28
66	12
66	17
65	5
64	9
62	33
62	22
61	29
61	31
60	32
60	20
59	B
58	8
57	FFF
56	DDDDD
54	3
54	TTTTTT
53	11
53	14
50	10
50	13
49	4
49	YYY
48	6
47	VVVV
47	21
45	GGGGG
44	GG
44	27
43	WWWWW
43	19
40	F
39	XXX
39	LLL
39	OOOO
39	SSSS
38	QQQQ
37	BB
37	WW
37	BBB
37	SSS
37	JJJJ
37	ZZZZ
37	SSSSS
37	NNNNN
37	SSSSSS
37	UUUUUU
37	RRRRR
36	I
36	PPPPP
35	W
35	OO
35	PP
35	EEEE
35	ZZZZZ
35	JJJJJJ
34	D
34	E
34	N
34	U
34	TT
34	MMM
34	TTT
34	VVV
34	HHHH
34	KKKK
34	UUUUU
34	KKKKK
34	BBBBB
34	UUUUUU
34	EEEEEE
34	IIIII
34	MMMMM
33	A
33	LL
33	XXXXXX
32	UUUU
31	HHH
28	EE
28	NN
28	VVVVV
26	IIIII
24	DDD
24	HHHHH
23	T
23	VV
23	GGG
23	XXXXX
23	RRRRR
23	OOOOO
22	JJ
22	WWW
21	KK
21	HHHHH
21	LLLLLL
20	R
20	CC
20	SS
20	ZZ
20	JJJJJ
19	I
19	Y
19	BBBBB
19	QQQQQ
17	DD
17	AAA
17	GGGG
16	P
16	II
16	III
16	KKK
15	DDDDD
15	AAAAAA
15	IIIIII
14	O
14	DDDDD
13	Z
13	NNN
13	ZZZ
13	GGGGG
13	UUUUUU
12	C
12	FF
12	RRR
12	30
12	BBBBBB
12	NNNNN
11	V
11	LLL
11	JJJJJ
11	OOOOO
11	TTTTT
11	FFFFFFF
10	S
9	LLLLL
9	MMMMMM
8	J
8	PPP
8	PPPP
8	ZZZZZZ
7	HH
7	YY
7	SSSSSS
6	M
6	Q
6	X
6	MM
6	UUU
6	QQQ

6	BBBB
6	IIII
6	NNNN
6	YYYY
6	CCCCC
6	LLLLL
6	VVVVVV
6	AAAAAA
6	BBBBBB
6	OOOOO
5	AAAA
5	XXXX
5	AAAAA
4	WWWW
4	OOOOO
4	PPPPPP
3	GGGGG
2	CCCCC
2	NNNNN

Periphery

Section 3: Clans

The following table illustrates the important 2-length clans within the complete network, and so incorporates organisations as well as actors within the clans. The President's Group is shown in bold (as the most central organisation) and the services are shown in italics. This is important since it illustrates how different organisations are linked with each other through their board members. At the same time it illustrates how different actors are able to reach each other through the organisations in which they are members. What is important in the actor-organisation clan, in terms of this study, is the appearance of business groups or firms within the clans. It may be through such clans, for example, that new recruits to the service organisations are found, or that business interests are represented. Few private firms featured in any of the clans, even the smaller ones.

Table 38: 2-Clans calculated from complete matrix

BCCI.EETC ***WESTEC*** EEE. 28.
BCCI.PG BCCI.EETC 23. 25.
BCCI.PG ***CLIFTON.COLL.*** 14. 21. 24.
BCCI.PG GR.BRSTL.FOUND. ***CLIFTON.COLL.*** 14. 24.
BCCI.PG ***UWE.C.*** 5. 8. 11. 15. EEEEE. TTTTTT. 23.
BCCI.PG ***WESTEC*** 2. 33. 32. 29.. 7. 9. EEEEE. 31. 20.
CBI.R.COUN. ***UWE.C.*** 11. P.
UBHT SOC.MERCHANT.VEN. 4. Z.
CLIFTON.COLL. 14. 21. 24. WW.
UNIV.BRSTL.C. BCCI.EETC DDDDDD. 25.
UNIV.BRSTL.C. **BCCI.PG** BRSTL.COMM.PURPOSE 18.. 26.
UNIV.BRSTL.C. **BCCI.PG** SOC.MERCHANT.VEN. GR.BRSTL.FOUND. BCCI.HHG 16. 25.
UNIV.BRSTL.C. **BCCI.PG** SOC.MERCHANT.VEN. GR.BRSTL.FOUND. 16. 24. 25.
UNIV.BRSTL.C. **BCCI.PG** SOC.MERCHANT.VEN. 16. 24. 25. 26.
UNIV.BRSTL.C. BRSTL.COMM.PURPOSE 3. GR.BRSTL.FOUND. 18..
UNIV.BRSTL.C. 3. GR.BRSTL.FOUND. 4. JJJJ.. 16. 18..(24. 25. 27.
UNIV.BRSTL.C. 12. BRSTL.EV.POST 27.
UNIV.BRSTL.C. SOC.MERCHANT.VEN. 4. DOLPHIN.SOC. 26.
UNIV.BRSTL.C. SOC.MERCHANT.VEN. GR.BRSTL.FOUND. 4. 16. 24. 25. 27.
UNIV.BRSTL.C. SOC.MERCHANT.VEN. GR.BRSTL.FOUND. 24. BRSTL&WEST.B.S.B. 27.
UNIV.BRSTL.C. ***UBHT*** NN. 4. HHH.. VVVVV.
WESTEC GR.BRSTL.FOUND. 7. 28.

Table 39: 1-Clan linkages between actors, calculated from the actor-actor submatrix (min. clan length = 4)

A.; B.; 3.; LL.; NN.; PP.; 4.; BBB.; HHH..; 12.; JJJJ..; QQQQ..; ZZZZ..; PPPPP.; VVVVV.; 16.; DDDDDD.; 18.;
A.; B.; 3.; LL.; 4.; 7.; 12.; JJJJ..; 16.; 18.; XXXXXX.; 24.; 25.; 26.; 27.
A.; B.; 3.; LL.; 7.; 12.; 16.; 17.; 18.; XXXXXX.; 24.; 25.; 26.
A.; B.; 3.; LL.; 12.; QQQQ..; 16.; 17.; 18.; XXXXXX.; 24.; 25.; 26.
A.; R.; CC.; LL.; ZZ.; PPPPP.; JJJJJJ.; XXXXXX.; 26.
A.; R.; CC.; LL.; ZZ.; 7.; UUU.; OOOOO.; 17.; JJJJJJ.; XXXXXX.; 26.
A.; 3.; LL.; 7.; UUU.; 16.; 17.; 18.; XXXXXX.; 25.; 26.
B.; 2.; 33.; 32.; BB.; 5.; 29..; 7.; 8.; 9.; XXX.; YYY.; 10.; 11.; 12.; LLLL.; 13.; OOOO.; 14.; SSSS.; 15.; WWWW.;
B.; 2.; 3.; 5.; 7.; 8.; 12.; 14.; 15.; 16.; 17.; 18.; 22.; 24.; 25.; 26.
B.; 3.; PP.; BBB.; 12.; QQQQ..; ZZZZ..; 16.; 18.; 22.; 24.; 25.; 26.
B.; 3.; 4.; 5.; 7.; 12.; JJJJ..; 14.; 15.; 16.; 18.; 24.; 25.; 26.; 27.
B.; 3.; 12.; QQQQ..; 16.; 17.; 18.; 22.; 24.; 25.; 26.
B.; NN.; 4.; HHH..; 12.; WWWW.; VVVVV.; 16.; 18.; 21.; 24.; 25.; 26.
B.; 4.; 5.; 7.; 12.; 14.; 15.; WWWW.; 16.; 18.; 21.; 24.; 25.; 26.
B.; 12.; 16.; DDDDDD.; 18.; 23.; 24.; 25.; 26.
C.; O.; U.; V.; AAA.; KKK.; RRR.; 30.; GGGGG.; JJJJJ.; TTTTT.; DDDDDDD.
D.; F.; L.; N.; W.; GG.; OO.; TT.; WW.; EEE.; MMM.; SSS.; TTT.; VVV.; EEEE.; HHHH.; KKKK.; UUUU.; VVVV.;
E.; 2.; 33.; 32.; T.; U.; FF..; VV..; 29..; 6.; DDD..; EEE.; 7.; GGG..; 9.; EEEEE.; HHHHH.; IIIII..; 31.; XXXXX..; 20.;
E.; 2.; 33.; 32.; FF..; 29..; 7.; 9.; EEEEE.; 31.; 17.; 20.
E.; 2.; 33.; 32.; 29..; 7.; 9.; EEEEE.; 31.; 17.; 20.; 22.
E.; I.; DD.; KK.; PP.; BBB.; QQQQ.; VVVV.; ZZZZ..; BBBBB.; QQQQQ.; 22.; HHHHHHH.; LLLLLLL.
E.; DD.; KK.; QQQQ..; 17.; 22.
E.; EEE.; VVVV., 28.
2.; 33.; 32.; FF..; 29..; 6.; 7.; 8.; 9.; EEEEE.; 31.; 20.
2.; 33.; 32.; FF..; 29..; 7.; 8.; 9.; EEEEE.; 31.; 17.; 20.; 24.
2.; 33.; 32.; FF..; 29..; 7.; 9.; EEEEE.; 31.; 20.; 24.; 28.
2.; 33.; 32.; 5.; 29..; 6.; 7.; 9.; 15.; EEEEE.; 31.; 20.; 23.; 28.
2.; 33.; 32.; 5.; 29..; 6.; 7.; 8.; 9.; 11.; 12.; 15.; EEEEE.; 31.; 20.; TTTTTT.; 23.
2.; 33.; 32.; 5.; 29..; 7.; 9.; 14.; 15.; EEEEE.; 31.; 16.; 18.; 20.; 23.; 24.; 25.; 28.
2.; 33.; 32.; 29..; 6.; EEE.; 7.; 9.; EEEEE.; 31.; 20.; 23.; 28.
2.; 33.; 32.; 29..; EEE.; 7.; 9.; EEEEE.; 31.; 20.; 23.; 25.; 28.
2.; 3.; FF..; 7.; 8.; 17.; 24.
2.; 3.; FF..; 7.; 24.; 28.
2.; 3.; GG.; 7.; UUU.; WWW.; 17.; 18.; 22.; 25.; 26.
2.; 3.; GG.; 7.; WWW.; 18.; 25.; 28.
2.; 3.; 5.; 7.; WWW.; 14.; 15.; 16.; 17.; 18.; 22.; 24.; 25.; 26.
2.; 3.; 5.; 7.; WWW.; 14.; 15.; 16.; 18.; 24.; 25.; 28.
2.; 3.; 7.; UUU.; WWW.; 16.; 17.; 18.; 22.; 25.; 26.
2.; GG.; EEE.; 7.; 31.; 23.; 25.; 28.
2.; GG.; 7.; 31.; 17.; 18.; 22.; 23.; 25.; 26.
2.; GG.; 7.; 31.; 18.; 23.; 25.; 28.
2.; 7.; UUU.; YYY.; 10.; 13.; 16.; 17.; 18.; 22.; 25.; 26.
I.; M.; BBBB.; BBBBB.; QQQQQ.; CCCCCC.; OOOOOOO.
J.; S.; PPP.; PPPP.; ZZZZZZ.; FFFFFFF.; HHHHHHH.; LLLLLLL.; MMMMMMM.
L.; LLLL.; SSSS.; 23.; 25.
O.; GGGGG.; SSSSSS.; DDDDDDD.; RRRRRRR.
P.; Y.; 5.; SS.; 6.; III.; 8.; 11.; GGGG.; 15.; DDDDD.; EEEEE.; AAAAAA.; TTTTTT.; 23.; IIIIIII.
Q.; UU.; YY.; 6.; QQQ.; YYYY.; LLLLLL.
R.; CC.; JJ.; ZZ.; LLL.; NNN.; LLLLL.; PPPPP.; JJJJJ.; UUUUUUU.
R.; CC.; JJ.; ZZ.; UUU.; JJJJJ.
U.; EEE.; GGGGG.; 28.
X.; MM.; IIII. NNNN.; VVVVVV..; AAAAAAA.; BBBBBBB.
Y.; KK.; 6.; AAAA.; 12.
Y.; 5.; 6.; 8.; 11.; 12.; 15.; EEEEE.; TTTTTT.; 23.
Z.; NN.; 4.; HHH..; WWWW.; VVVVV.; 16.; 21.; 24.; 25.; 26.
Z.; NN.; 4.; HHH..; VVVVV.; 16.; 24.; 25.; 26.; 27.
Z.; 4.; 15.; WWWW.; 16.; 21.; 24.; 25.; 26.
Z.; 4.; 15.; 16.; 24.; 25.; 26.; 27.

3.; GG.; DDDDDD.; 18.; 25.; 26.
3.; GG.; DDDDDD.; 18.; 25.; 28.
3.; JJ.; UUU.; 16.; 25.
3.; JJ.; PPPPP.; 16.; 25.
3.; 4.; 5.; 7.; WWW.; JJJJ..; 14.; 15.; 16.; 18.; 24.; 25.; 26.; 27.
3.; 4.; 5.; 7.; WWW.; JJJJ..; 14.; 15.; 16.; 18.; 24.; 25.; 27.; 28.
3.; 4.; JJJJ..; 16.; DDDDDD.; 18.; 24.; 25.; 27.; 28.
3.; 5.; 8.; GGGG.; 15.
3.; 5.; GGGG.; JJJJ..; 15.
EE.; II.; JJ.; UUU.; YYY.; ZZZ.; 10.; 13.; 16.; BBBBBB.; GGGGGG.; 25.; NNNNNNN.
GG.; SSS.; VVVV.; UUUUUU.; 22.; 23.; 25.
GG.; DDDDDD.; 18.; 23.; 25.; 28.
GG.; DDDDDD.; 18.; 23.; 25.; 26.
HH.; SS.; AAA.; KKK.; AAAAA.; PPPPP.
II.; 9.; YYY.; 10.; 13.; 16.; 19.; 24.; 25.
II.; 9.; 19.; 24.; SSSSSSS..
KK.; PP.; BBB.; 12.; QQQQ..; ZZZZ..; 22.
KK.; 12.; QQQQ..; 17.; 22.
PP.; BBB.; QQQQ..; VVVV.; ZZZZ..; DDDDDD.; 25.
PP.; BBB.; QQQQ..; VVVV.; ZZZZ..; 22.; 25.
WW.; 14.; 21.; 23.; 24.; 25.
WW.; 14.; 23.; 24.; 25.; 28.
WW.; DDDDDD.; 23.; 24.; 25.; 28.
HHH..; IIIII..; GGGGGGG.; SSSSSSS..
8.; YYY.; 10.; 13.; 16.; GGGGGG.; 25.
NNN.; XXXX.; QQQQQQ.; PPPPPPP.; UUUUUUU.
SSS.; UUUUUU.; 22.; FFFFFFF.
YYY.; ZZZ.; 10.; 13.; OOOO.; 16.; 25.
16.; DDDDDD.; 18.; 23.; 24.; 25.; 28.
22.; FFFFFFF.; HHHHHHH.; LLLLLLL.

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